

U.S. Expects Saudis to Extend Protection for AWACS

By David B. Ottaway
Washington Post Service

WASHINGTON — The United States has received positive indications that the Saudi government will agree to a U.S. proposal to extend joint air surveillance of shipping to the lower half of the Gulf, according to administration sources.

A State Department spokesman said the administration was pleased with discussions with the Saudis to establish a second orbit over the lower Gulf for the U.S. Airborne Warning and Control System that operates from Saudi bases.

The Saudis would provide air protection for the lower AWACS in the lower Gulf with F-15 fighters as they have been doing since 1980.

Kurds Hold Protest in Paris

The Associated Press

PARIS — About 20 militant Kurdish separatists occupied the visa section of the Swiss Embassy on Friday to protest what they said was "Switzerland's support of the Turkish military junta." They left peacefully after about 90 minutes, an embassy official said.

for those operating within Saudi territory and watching ship movements in the central and northern sectors of the Gulf.

The extension of this system southward would allow the United States to track the movement of all ships as they enter the Gulf through the Strait of Hormuz, particularly the 11 Kuwaiti oil tankers now being placed under American flag protection.

It would also provide escorting of U.S. warships early warning of any Iranian attack by motorboats, helicopters or one of the land-based, Chinese-made Silkworm missiles the Iranians are installing near the strait.

"We are pleased with the discussions and anticipate positive responses from the Saudi government," said a State Department spokesman.

Another U.S. official said that while there is "no deal" with the Saudis, there is every indication one will be reached soon.

Nine AWACS are now stationed in Saudi Arabia, four belonging to the United States and five newly purchased by the Saudis. The Saudis, however, are not yet capable of maintaining their own AWACS.

Saudi cooperation in extending

air coverage into the lower Gulf appears to be the major new contribution of the Gulf states to bolstering the U.S. military presence in preparation for the escort of Kuwaiti tankers.

Kuwait has also offered to provide free oil for U.S. warships escorting the tankers, according to U.S. officials testifying before Congress last week.

A senior administration official said Wednesday that U.S. military analysts had concluded that "the thing we want the most is full AWACS coverage so we don't get surprised." He said the Pentagon has concluded it does not require "a lot of air power" to protect the Kuwaiti tankers and thus access for U.S. planes to Saudi airfields is not essential.

Saudi Arabia has been criticized in Congress since the Saudi failure to intercept the Iraqi jet that attacked the U.S. guided-missile frigate Stark on May 17 with two Exocet missiles, killing 37 sailors. It has also been criticized for refusing to allow access to its base for U.S. aircraft that might be needed to protect the Kuwaiti ships.

The alleged lack of Saudi cooperation, heatedly disputed by U.S. officials, was one of the main rea-

sons for Senate opposition to the administration's proposal to sell the Saudis 1,600 Maverick anti-tank missiles. President Ronald Reagan withdrew the proposal after 67 senators backed a resolution blocking the sale.

Mr. Reagan said he intends to resubmit the Maverick request as soon as possible.

Court-Martial Urged
A formal investigation into Iraq's fatal missile attack on the Stark has recommended a court-martial of the ship's captain, possibly on negligence charges because his vessel failed to respond, officials told United Press International in Washington.

The recommendation for the court-martial of Captain Glenn R. Brindel was made by Rear Admiral Grant Sharp in a report on his "thorough investigation" to General George B. Crist, head of the U.S. Central Command, the sources said Thursday.

Admiral Sharp personally gave the report to General Crist at a brief meeting in Bahrain on June 13 and it was taken to Central Command headquarters at McDill Air Force Base, Florida, for review by the general's staff, the officials said.

Admiral Sharp's investigation focused on why the frigate's officers failed to observe standard operating procedures and to turn the ship so its defense could fire at the Iraqi jet and the two missiles.

Secretary of Defense Caspar W. Weinberger has the final word on a court-martial and he could overrule the recommendation.

Captain Brindel, who shortly was scheduled to be relieved of command of the Stark for reasons said to be unrelated to the investigation, still was with his damaged ship, which is undergoing repairs in Bahrain.

Officials said the formal charge probably would be negligence because the ship's officers failed to take the proper evasive actions to avoid casualties and damage to the frigate. The fate of three or four officers under Captain Brindel's command was not known, but all have been assigned legal counsel. The recommendation was no surprise, officials said, because a joint U.S.-Iraqi investigation and a probe by the House Armed Services Committee pointed toward negligence in failing to defend the Stark from what Iraq termed a mistaken attack.

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Tokyo Takes

Some Blame

In JAL Crash

Reuters

TOKYO — The Japanese government and Boeing Co. both took responsibility Friday for the crash of a 1983 of a Japan Air Lines Boeing 747 in which 520 people died.

An official government report, released Friday, said faulty repairs to the plane in 1978 by the U.S. aircraft maker Boeing and inadequate inspection by Transport Ministry inspectors had caused the crash, the world's single-aircraft disaster in history.

The one clear cause was the faulty repair work by Boeing said Shun Takeda, the Transport Ministry official leading the government's accident investigation committee.

But the report also criticized the Japanese inspectors for not checking the repair properly before signing a clearance document.

In a separate statement issued in Tokyo, Boeing said it had not seen the final report but agreed with an earlier similar draft report that the accident had been caused by the incorrect repairs, which remained undetected during scheduled inspections.

Boeing said it had made tests and provided equipment for aircraft to insure that a similar accident could not happen again.

Transport Minister Ryutaro Hashimoto said: "Repair instructions themselves were appropriate. If the repair work had been done faithfully to the instructions, the accident would not have occurred."

The president of Japan Air Lines, Susumu Yamaguchi, said that JAL was now conducting checks when it received repaired aircraft.

The plane, JAL Flight 123, hit Mount Ontake, north of Tokyo, on Aug. 12, 1985, after a bulkhead separating the pressurized cabin from the unpressurized tail burst, fracturing key control systems. Only four persons survived.

The report unequivocally cleared the JAL crew of all responsibility.

A panel member, Osamu Fujisawa, said that the captain and his crew, all suffering from lack of oxygen, had done their best to regain control of the aircraft.

The report could have been nothing in their training to prevent them for that situation," he said.

The report said the impact world had killed everyone in the front of the plane instantly but that some further back probably survived for a while before dying of shock and injuries.

In a separate set of recommendations, the investigators said that large aircraft operating in Japan should have fail-safe systems that were truly fail-safe.

They did not elaborate on this. The report said only that the JAL airliner's fail-safe system "made no provision to prevent the kind of situation which arose in this case."

The investigators also asked the ministry to formulate more explicit guidelines for its inspectors. An internal ministry memo issued earlier this year said that inspectors were left too much on their own when investigating aircraft crashes.

"Troops have orders to open fire on anyone who tries to undermine the emir's security," said Sheikh Abdel-Aziz, 50, in interviews published in three Kuwaiti daily newspapers. He said his brother was welcome to return to the emirate.

It was Sheikh Abdel-Aziz's first public statement since deposing his brother, who was in England.

Sheikh Abdel-Aziz said his brother was forced to step down by the ruling family because of his mismanagement of oil income. He said he would step down himself "only if the family wants that."

He was quoted as saying he would ask other Gulf states, particularly Kuwait, to help Sharjah repay its debt.

Sharjah, 62 miles (100 kilometers) southwest of the Strait of Hormuz, has a population of about 210,000, but 70 percent of it is composed of Arab and Western expatriates. It is the third-ranking of the seven emirates, but banking executives say it is rising under an estimated \$1 billion debt.

The United Arab Emirates, formed 16 years ago under British tutelage, consists of Sharjah, Dubai, Abu Dhabi, Ajman, Ras al-Khaimah, Umm al Quwain and Fujairah.

Arab diplomatic sources said the federation's future is at stake regardless of who wins the Sharjah power struggle.

Sheikh Sultan is backed by the neighboring emirate of Dubai, where the government-run radio said loyalists are gathering to express their solidarity with him. He was believed to be staying in Dubai.

Abu Dhabi, the leading emirate in the confederation, has supported Sheikh Abdel-Aziz.

Regional heads of state, including King Fahd of Saudi Arabia, have voiced concern over the situation at a time when tension in the Gulf is already high because of the Iran-Iraq war.

King Fahd warned against aggravating the situation to avert the possibility of foreign interference. He did not elaborate.

The Supreme Council, the confederation's highest ruling body, issued a statement saying it was determined to settle the crisis in a family spirit.

Sheikh Abdel-Aziz was still in Sharjah's government palace and appeared entrenched militarily.

Sources said the National Guard has ringed the building and sealed off all approach roads. The National Guard has been under the command of Sheikh Abdel-Aziz since 1972.

WORLD BRIEFS

Israel Arrests Arab Murder Suspects

JERUSALEM (Reuters) — Israel has arrested a Palestinian guerrilla squad in the occupied West Bank that is accused of being responsible for killing the Arab mayor of Nablus and five other murders or attempted murders in the past two years, security sources said Friday.

The group was said to belong to the Syrian-backed leftist Popular Front for the Liberation of Palestine, which claimed responsibility for the assassination of Mayor Zafir al-Masri in March last year, accusing him of collaborating with Israel.

In an apparently related development, the head of the Israeli Central Command, General Amiram Mizrahi, ordered the detention without trial of three Palestinian activists from the West Bank; the Israel state radio reported. Two were described as popular front activists from the Dheisheh refugee camp, south of Bethlehem, and the third as a convicted murderer from the town of Ramallah.

Corruption Is Issue in Bahamas Vote:

NASSAU, the Bahamas (NYT) — National elections were being held here Friday, and the main issue was corruption related to drug trafficking in this nation of 700 islands.

The issue has reduced support for Prime Minister Lynden O. Pindling, whose Progressive Liberal Party has ruled the Bahamas for 20 years. But Mr. Pindling, a captivating speaker and skillful politician, is revered for having led the Bahamas to black majority rule in 1967 and independence from Britain in 1973 and the election was expected to be close. Nearly 100,000 residents are registered to vote and a high turnout was expected.

Mr. Pindling's party blocked an opposition request for international observation teams and the use of indelible ink on voters' fingers to prevent double voting. Three Americans sent by a U.S. Senate subcommittee on terrorism, narcotics and international operations are being permitted to watch the elections, but are not being given access to polling places.

Lynden O. Pindling

U.S. Defers Poles' Immigration Status:

WASHINGTON (WP) — Attorney General Edwin Meese 3d has extended for six months the special immigration status of 7,000 to 10,000 Polish nationals who have settled in the United States since Poland declared martial law in late 1981.

Mr. Meese's announcement Thursday reverses a recommendation by the State Department, which is seeking to normalize relations with the Polish government and urged that the special immigration status be revoked June 30, raising the possibility of mass deportations.

The extension will continue through the rest of the year and will allow further study of the issue.

18 Die in South African Bus Accident

JOHANNESBURG (AP) — Eighteen persons were killed and 84 injured Friday when a bus collided with a train at a railroad crossing about 30 miles west of Pretoria, officials said. Thirteen of the injured were in serious condition.

The Rustenburg Bus Services vehicle collided with the first of two joined electric locomotives pulling freight cars, the South African Press Association reported.

Passenger trains do not use the line.

Norway Revives Probe of Soviet Sales

OSLO (Reuters) — Norway, embroiled in a dispute with Washington over high-technology military sales to the Soviet Union, may have sold more of the same equipment since the original deal, senior justice officials said Friday.

The state prosecutor, Tor-Aksel Busch, said he had started fresh investigations into Kongsberg Vapenfabrik, the state-owned arms firm which in 1982 and 1983 delivered computers to Moscow used to help make almost silent submarine propellers. "There may have been other deliveries of the same equipment since then," he said. The police had closed their investigation into the original sale because a five-year statute of limitations had run.

The development is expected to cause concern in Washington, where there have been calls in Congress for a ban on trading with the company and for damages compensation for the deal. Prime Minister Gro Harlem Brundtland of Norway wrote to President Ronald Reagan on Wednesday, apologizing for her government's laxity in dealing with the sale which broke Western restrictions on export of high technology to Communist countries.

For the Record

West German officials warned Poland on Friday that bilateral relations could be harmed by further delaying a response to Bonn's protest over the shelling of a West German naval vessel Monday by a Polish ship. (AP)

The Voice of America and the Board for International Broadcasting, which oversees Radio Free Europe and Radio Liberty, signed an agreement with Israel on Friday permitting them to build a relay transmitter in Israel.

Mozambican rebels attacked villages in northeastern Zimbabwe on Sunday but were repelled by government forces, military sources said in Harare on Friday. They said about 110 guerrillas of the rightist Mozambique National Resistance looted and burned the villages near the border. No details of any casualties were given.

A Soviet student has been sentenced to death by firing squad for his role in the riots in Kazakhstan last December; the Soviet republic's Communist Party newspaper said Friday. A carpenter, a welder and two other students were sentenced to hard-labor terms of four to 15 years. (Reuters)

TRAVEL UPDATE

Cuts in European air fares are envisaged in an agreement signed by 12 countries during a meeting of the European Civil Aviation Conference in Paris, the organization said Friday.

A 24-hour strike by Belgian public employees to protest a government pay offer disrupted trains, closed schools and affected other services in Belgium on Friday.

Employees of Spain's private banks started a day-and-a-half strike Friday to back demands for an 8-percent raise as well as reduced working hours.

The U.S. State Department issued a travel advisory Friday urging American visitors to South Korea to exercise caution and avoid large public gatherings in areas where demonstrations are under way. A spokesman said the department was not urging Americans to stay away from South Korea. Americans were urged to contact the U.S. Embassy in Seoul or consulate in Pusan for more information.

(UPI)

Phoenix Airport Tests Lowest In Weapon-Detection Survey

New York Times Service

WASHINGTON — Sky Harbor International Airport in Phoenix, Arizona, tested lowest in the United States in the detection of mock weapons, according to a survey of security by the Federal Aviation Administration.

Over a four-month period federal employees sought to sneak mock weapons past security guards at 28 U.S. airports to determine how well anti-hijacking techniques were working. Phoenix had a 34-percent detection rate.

The FAA had intended to keep the names of the airports secret so as not to encourage would-be hijackers to go to the places with less security records, but some of the airports became known Thursday.

The figures were obtained by members of Congress and congressional staff workers.

Here are the airports with the best records, according to tests conducted through December:

MEMORIAL NOTICE

In memory of Count Jean de Breteuil a funeral service will be celebrated on Wednesday, June 24, at 6:30 p.m. at the St-Pierre-de-Chaillot Church, Ave. Marceau, Paris 16e.

Kurdish Protest in Paris

The Associated Press

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The Kurds held a protest in Paris on Friday to demand that Switzerland stop supporting the Turkish military junta.

The protesters were demanding that Switzerland withdraw its ambassador from Ankara and end its support for the junta.

The protesters also demanded that Switzerland stop supporting the junta's policies in Turkey.

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AMERICAN TOPICS

Occupational Disease A Contentious Issue

More than 60 clinics have sprung up around the United States specializing in job-related illnesses. "Because ordinary clinics don't usually have a great deal of expertise in diagnosing occupational disease," says Nicholas Aszkenasy, an occupational-health expert at the Massachusetts Institute of Technology. "Doctors trained in occupational medicine are more likely to find a connection between a health problem and workplace conditions."

Many of the clinics have ties with labor unions and a strong sense of mission in advocating safer workplaces. This, says The New York Times, makes them the natural adversaries of employers.

Indeed, the Dayton-Walther foundry in Dayton, Ohio, is suing the Greater Cincinnati Occupational Health Foundation for alleged negligence or fraud in the filing of more than 100 claims by workers who said they had asbestos, which impairs breathing, or hand and arm injuries from using vibrating tools.

Dayton-Walther apparently is the first company to sue an occupational health clinic. A company lawyer said the diagnoses by one of the clinic's doctors went "way beyond what was called for medically into immoderate" that showed us he was a social advocate for a certain position." A lawyer for the clinic threatened to countersue for harassment.

Short Takes

Issue of the first redesigned U.S. currency in a half-century will be delayed by as much as two years. The Treasury Department had planned to put the new \$1, \$5, \$10, \$20, \$50 and \$100 bills into circulation this fall. But problems have arisen in securing adequate supplies of the special new paper. Design changes, which include adding a tiny plastic thread and microscopic printing around the portraits, are aimed at thwarting a new generation of color copying machines.

People who are delinquent in paying their city taxes in Philadelphia may find their names in the newspaper under a new city policy. The names are drawn at random. "These people think they are special," said Mayor W. Wilson Goode. "They thought they did not have to pay their fair share. They're wrong. They will, in fact, pay."

—ARTHUR HIGGINS

The menu for a White House dinner for Jacques Chirac

White House Dinner: How to Get Invited

How does one get invited to a White House state dinner, outside being part of the entourage of the guest of honor, a key political figure or a power in international affairs? "The one thing we always look for when preparing a state dinner is to include people who have excelled in their fields," says Linda Faulkner, the White House social secretary. "A serious author, a celebrated musician or dancer or actor or sports figure" would all be prime candidates. "We try to mix it up, add some variety," she said, "because it makes it more fun, more interesting."

A recent guest list included Joe Paterno, coach of the Penn State football team, the national champions; Marvin S. Trantham, chairman of Bloomingdale's department stores; Dionne Warwick, the singer; Johnny Rutherford, the race-car driver, and Julian Schnabel, the artist.

—ARTHUR HIGGINS

U.S., Soviet To Widen Studies of Ozone Layer

United Press International

WASHINGTON — American and Soviet scientists have agreed to share information on the global threat to the Earth's protective ozone layer, the National Oceanic and Atmospheric Administration has announced.

The agency said Thursday the agreement expands a pact between the two nations on atmospheric research. The latest cooperation was reached in meetings in Boulder, Colorado, and may be followed up next year in Moscow.

The scientists have agreed in particular to share information about a "hole" in the stratospheric ozone layer over Antarctica.

A layer of ozone 10 to 30 miles (16 to 48 kilometers) high screens living things from dangerous ultraviolet rays, and some fear that the "hole," or dramatic thinning of the layer, may be the beginning of a worldwide decay of the Earth's ozone covering.

The United States will provide ozone monitoring equipment for use at the Soviet Union's station in Antarctica, and Moscow will provide information from sounding rockets fired from the base.

Scientists have determined in recent years that man-made gases such as chlorofluorocarbons are able to destroy ozone molecules, possibly thinning the ozone layer.

The Freon-type gases are used as refrigerants, aerosol propellants and cleansing agents.

Western industrialized nations are considering international regulations that would reduce the use of chlorofluorocarbons.

A Blunt U.S. Warning to ASEAN on Trade

By Michael Richardson
International Herald Tribune

SINGAPORE — The U.S. secretary of state, George P. Shultz, has warned officials of the Association of Southeast Asian Nations meeting here that they can no longer expect to sell increasing amounts of exports to the United States to fuel economic growth.

The blunt warning, made on Thursday and repeated Friday, has sent ripples of concern through the ASEAN countries — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Analysts said the group was worried about the possible social and political costs of an economic slowdown, including the spread of Communists or Islamic extremists.

The ASEAN countries were also worried, the analysts said, that if the United States became preoccupied with economic difficulties at home, it might weaken the U.S. military presence in East Asia and the Western Pacific at a time when Soviet, Vietnamese and Chinese power is growing.

They said that U.S. warning had

increased pressure on Japan to open its markets wider to imports from ASEAN nations, enlarge investment and aid, and ease terms for the repayment of debts.

At a meeting with ASEAN foreign ministers, Mr. Shultz said Friday that the flexibility and pragmatism of their association would be challenged "perhaps as never before." Over the next few years, the world economic system "adjusts to the inevitable, and in my view possibly rapid, decline in the U.S. trade deficit."

ASEAN would have to work hard to diversify its markets.

While you may be able to maintain your current market share in the United States, he added, "you clearly will not be able to look to the United States to take major increases in your exports."

Rapid economic growth has enabled most governments of ASEAN nations to keep radical Communists or Islamic political movements at bay.

However, ASEAN officials said that the economic expansion has been dependent on exports of commodities and manufactured items.

particularly to the United States, Japan and the European Community.

Voiceing ASEAN concern on Friday, Singapore's minister of foreign affairs, Suppiah Dhanabalan, noted that countries, big and small, on both sides of the Pacific had difficulties in mastering the political will to make necessary but painful structural changes to their economies.

Noting that the United States, driven by trade and budget deficits, was pressuring trading partners such as Japan, Taiwan and South Korea to liberalize their trade, he said that these countries had been unable to muster the confidence to embark on genuine liberalization.

ASEAN can only watch in apprehension and hope that the efforts will be constructive," he added.

Siddhi Savetsila, Thailand's foreign minister, said earlier this week that trade and security were interrelated because trade had "an important bearing upon the well-being and internal political stability of countries in the region."

Conference sources said Mr.

Shultz had produced figures to show that while the United States had been buying a large share of ASEAN's exports of certain manufactured products, Japan had been taking hardly any.

He was said to have been highly critical of Japan for importing sugar from Cuba when it could be buying larger quantities than it does from the Philippines, where a near collapse of the sugar industry contributed to the growth of the Communist insurgency.

A U.S. official said that Mr. Shultz was not "Japan bashing."

"What we are doing," the official said, "is pointing out that there is enormous scope for opening the Japanese market to the manufactured and processed products of ASEAN and other developing countries."

"This is something that would benefit Japanese consumers and the international economy as well," the official added.

Mr. Dhanabalan noted on Thursday that Japan only absorbed 7 percent of developing countries' manufactured exports.

At a meeting Friday with ASEAN ministers, Tadashi Kuranari, Japan's foreign minister, was told that while Japanese investment, aid and financial assistance were valued by the region, the key to better economic cooperation was improved access to the Japanese market for ASEAN manufactured and processed goods.

The ASEAN ministers invited Prime Minister Yasuhiro Nakasone of Japan to visit Manila in December to meet ASEAN heads of government after they had held a planned summit meeting.

Analysts said the invitation was intended to put pressure on Japan to live up to its promises of trade liberalization and closer economic collaboration with ASEAN.

Conservation officials are turning increasingly to plants



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THE WHITE HOUSE
Tuesday, March 31, 1987

White House Answers Rogers

The Associated Press

WASHINGTON — The White House has taken exception to a suggestion by General Bernard W. Rogers, the outgoing NATO military commander, that the United States was moving toward an arms control agreement with the Soviet Union for political reasons.

The U.S. Army general contend that the United States has pressured North Atlantic Treaty Organization allies to go along with a proposed treaty to reduce or eliminate certain types of the superpowers' European-based missiles. But the White House spokesman, Marvin Fitzwater, denied the assertion.

General Rogers maintained that the Reagan administration was moving too quickly toward an arms control agreement on medium-range missiles.

"It is more important to have these things accomplished on certain peoples' watch, or is it more important in the long term to insure what we are doing is right to the future of Western Europe?" he asked in an interview published earlier this week in The Washington Post.

Mr. Fitzwater told reporters the U.S. negotiating position "has been developed as a result of an intensive alliance consultative process."

Saying that President Ronald Reagan was not angry about the statements, he noted that General Rogers "is retiring in two weeks."

The search for extraterrestrial life.

The findings come at a time when many astronomers say the field, thanks to new technology and approaches, is ripe for major new discoveries.

The evidence is the best so far that there are planets beyond the solar system, according to Bruce Campbell, 39, of the Dominion Astrophysical Observatory, who reported it. His observation was based on a six-year study using a new technique.

But it will take long years and work by many scientists to confirm the findings, he noted. "When you make an extraordinary claim," he said, "you need extraordinary evidence."

The news was presented Thursday at the first joint meeting of the American and Canadian Astronomical societies at the University of British Columbia in Vancouver. About 750 astronomers are attending.

Frank Drake, founder of the Search for Extraterrestrial Intelligence, said of the Canadians' announcement: "It's tantalizing, but inconclusive." For greater verification, he noted, a 30-year program is necessary.

Planets give off no light and are difficult or impossible to detect in ordinary visible light.

The Canadian team used a new twist on an old, inefficient technique.

Astronomers measure the velocity of stars to detect slight "wobbles" in their motions that are caused by the gravitational tug of the unseen companion — the presumed planet.

The Canadians' method of measuring gave stars from 50 to 100 times the accuracy of techniques previously available. They were able to determine speed changes within 25 mph.

Of 16 stars monitored for the past six years, the team found "clear evidence" of possible planetary companions in two. Five others showed tentative signs of such bodies, Mr. Campbell said.

The most significant case is a star called Epsilon Eridani, about 11 light years from the sun in the constellation Eridanus. It is visible in the southern fall sky. Its behavior indicates a companion body from two to five times the size of Jupiter.

A light year is the distance light travels in a year at a velocity of 186,000 miles (297,600 kilometers) a second, or about 6 trillion miles.

Jupiter's size is the standard of measurement for such work since it is by far the largest planet in our solar system, but only 1,000 the size of the sun, a typical star.

The other significant case is Gamma Cephei, about 48 light years away, with a companion in orbit that is about 1.7 times the mass of Jupiter.

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INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

No More Hostage Deals

With the kidnapping Wednesday of Charles Glass, a television journalist, nine Americans are now held hostage in Beirut. His situation is cruel and his abduction an outrage, and the State Department speaks for the United States in demanding the unconditional release of Mr. Glass and all other foreigners now held captive by Lebanese zealots.

But as Mr. Glass surely must have known, there is not much else that can or should be done — no deals, no ransom, no secret sale of missiles to imagined Iranian "moderates," no swaps for prisoners elsewhere. To yield on any of this would simply lead to the kidnapping of more Americans, and not only in Beirut.

There can no longer be innocents abroad in Lebanon. It has been months since the State Department began asking American travelers to shun Beirut, where civil authority had collapsed and which was not safe even to drive to the airport.

— THE NEW YORK TIMES

A Sensible Budget Plan

With a prod from President Reagan, congressional Democrats have finally agreed to a plan for next year's budget. It makes a sensible cut in the federal deficit. It courageously seeks to establish the principle that increases in military spending be covered by tax increases. Its one major drawback derives from its very boldness; if Congress and Mr. Reagan cannot agree on taxes, the total deficit reduction will be small.

The big plus in the resolution now adopted by House and Senate conferees is the linkage of higher military spending and higher taxes. No more feeding the Defense Department by cuts in social programs or by enlarging the national debt.

The big minus is the fragility of the compromise it represents. Republicans took no part in it, and the House and Senate Democrats were deeply divided over priorities. Only after the president needed them on television Monday night did the Democrats finally settle their differences. It is an open question whether the party's leaders can hold their majorities in line on appropriations and taxes in the face of President Reagan's veto threats — and, probably, some actual vetoes.

The government will run about \$180 billion in the red this year. That is a \$40 billion improvement on last year, but far above the ceiling of the Gramm-Rudman-Hollings budget bill. The statute's target for next year is \$108 billion, and the president still pretends his budget would get

— THE NEW YORK TIMES

Turkey's Success Story

Turkey went into a foreign debt crisis five years earlier than the Latin American countries did. Now, a decade later, it is emerging as an example of success. Many people in the U.S. Congress think that Latin America is being forced by its enormous debts into a downward spiral from which the only escape is to cancel the debts on a grand scale. But the Turkish case argues persuasively that, with good internal management, even a country that has borrowed far too much can restore itself to strong growth and normal access to credit.

In 1977, Turkey ran out of money to service its debts. Its first response was simply to devalue its currency to improve its competitiveness. But devaluation alone accomplished little, a point that uneasy Americans are beginning to suspect may also apply to the United States. After several years of floundering and a military coup, Turkey set itself on a course of rigorous economic reform. As in many of the Latin countries, the tradition there had been inward-looking, highly protectionist and suspicious of the rich countries. For seven years a turnaround has been under way. The International Monetary Fund recently published an illuminating description of it by George Kopits, one of its economists.

First, the Turks cut their budget deficit nearly in half, and the inflation rate dropped sharply. Then, with demand under control, they peeled the restrictions off imports and exports, letting the market set the exchange rate. Exports soared, and by last year the foreign deficit, even after all the payments for debt service, had dropped to one-fourth the 1980 level.

Some economists have said Turkey is a special case because its allies in the North Atlantic Treaty Organization, in view of its strategic location, were willing to keep lending heavily as it embarked on this transition. It is true that the IMF, the World Bank and several governments put up a lot of money to ease the process. But that is also an answer to those senators who oppose further lending to the Latin countries, arguing that it piles up unpayable debts more hopelessly than ever. It has not worked out that way in Turkey.

While Turkey now owes more than it did in 1977, its economy is stable and growing rapidly. The commercial banks will lend to it without coercion, as they will not to most of the Latin countries. Turkey's government is becoming less undemocratic and heavy-handed. It is still a country under strain. But it has demonstrated that many things are possible that Americans had often thought, and sometimes still think, were not.

— THE WASHINGTON POST

The New Securities Cop

When the U.S. stock markets go through a long unbroken rise, experience warns, loose practices proliferate in the flow of quick money. As the policeman on that beat, the Securities and Exchange Commission has the arduous job of enforcing the safety rules. David Ruder, the Northwestern law professor now nominated to be the next chairman of the SEC, is about to step into an office that is likely to become increasingly demanding wherever the market goes.

Enforcing the safety rules will be only half the job, for some of those rules are badly out of date and need to be rewritten. Congress is already at work revising the definition of insider trading and legislation on corporate takeovers is likely. The new chairman of the SEC is going to spend many days, and some nights, working with congressional committees as they rewrite the securities laws.

Financial ingenuity in recent years has developed many new instruments, and new markets that have never been tested by a severe downturn in prices. The present financial boom has been running for nearly five years. In that time the Dow Jones average of industrial stock prices has tripled. Money

— THE WASHINGTON POST

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OPINION



An Uncertain Europe Rethinks Its Defenses

By Flora Lewis

PARIS — There is a certain ferment just below the top in Western Europe as people begin to contemplate the uncertain prospects of strategic change once disarmament actually starts.

For the moment it is not going anywhere, for lack of impetus from leaders. Margaret Thatcher of Britain, whom former President Valéry Giscard d'Estaing of France has called "remarkable professionally, surely the best in Europe," is the only figure in power with the perceived strength to launch an effective initiative.

But she does not seem interested. Like the others, her focus is on home affairs. "And that means England, not even Scotland," a British official said in private induction. President Reagan arrived home from the Venice summit meeting claiming broad allied agreement, but it went no further than hoping for economic

growth and deplored the Gulf war, not on what to do next. All the leaders are dragging their feet.

Still, pressures to recognize the need for new plans are mounting. In France, the focus is on new defense concepts based on some kind of French-German military integration. Mr. Giscard d'Estaing and former Chancellor Helmut Schmidt of West Germany have come out for a joint command under a French general, and Mr. Giscard d'Estaing would have France declare that its independent nuclear deterrent could also be invoked to protect West Germany.

These are far-reaching ideas implying a reversal of historic policies. Even the many proponents refuse to face the full implications and therefore are not yet taken really seriously. The key question ducked is what that would mean for the Atlantic alliance; it is answered only with vague allusions to a need for "coordination."

All West German forces are now committed to NATO. Would a French commander in charge of all or part of them in turn be integrated within the alliance structure, thus ending France's proclaimed supreme autonomy? Impossible, is the unanimous French response. In that case, would Germans under the command be removed from NATO, almost surely destroying the alliance? That is definitely not the aim. So the impasse remains.

But the reasoning leading up to the final barrier is powerful. Together with the geographical depth of France and its access to the Atlantic, French and German forces could present a much more impressive conventional strength, reducing but not eliminating reliance on the nuclear deterrent in Europe.

Two fears haunts the French now. One is that German dreams of reunification will lead to neutralism. There has been a good deal of speculative comment here that Mikhail Gorbachev might attempt to seduce the Germans with such an offer.

It appears outlandish. High officials in Moscow make it clear that the last thing the Russians want to see in Europe is the re-emergence of a single Germany, which would have great economic and political power even if pledged to nonalignment. And though it draws all the advantages he can from relations with West Germany, the East German leader, Erich Honecker, or his successor, would not easily accede to disappearance of the rump state they have built. Further, what would Poland do? Still, the French are obsessed with the thought. Full military ties with West Germany would insure against the possibility.

The second French fear, nonetheless it may sound from a country that expelled American troops, is that the United States will withdraw much of its forces from Europe and "decouple," substantially diminishing its guarantees for Western Europe's defense. Despite mounting budget constraints and occasional U.S. suggestions that this would startle the Europeans into doing more for themselves, it is also unlikely.

The basics of the alliance remain unchanged and need not be affected by nuclear, and it must be hoped eventual conventional arms reductions as long as they are carefully planned and balanced. That will require the development of a European policy, which did not yet exist.

But if the Democratic Party in 1988 is to avoid the fate of the British Labor Party in 1987, it must become a more centrist party. It must demonstrate that it can manage the economy, reduce federal deficits and control inflationary pressures.

And the Democrats must convincingly demonstrate that they will protect America's interests abroad and lead the free world with the full panoply of U.S. resources — diplomatic, economic and military.

The writer, a lawyer, was President Jimmy Carter's chief domestic policy adviser. He contributed this comment to The New York Times.

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Litmus Test: Was Rust a Conspirator or a Romantic?

By William Pfaff

PARIS — It is all but impossible to persuade a European man on the street that there was not "something" behind Matthias Rust's flight across Soviet territory to Red Square. A casual poll published in a French magazine sees most people convinced that the flight was inspired by the Russians themselves, perhaps by a faction around Mikhail Gorbachev, disgruntled rivals — or conceivably by the CIA. But there is little doubt, to quote one person, that "there was a hidden hand" behind it.

A friend once observed that one reason Italians believe in conspiracies is that there are a lot of conspiracies in Italy. Who in the Anglo-American world, a few years ago, would have credited a rumor of the existence of a vastly powerful secret Masonic lodge influencing Italy's intelligence services, army, banks and industrial companies, planning to seize the government itself — and strong enough to have a serious chance of doing so? We would have said that was Fu Manchu stuff. But the existence of the P-2 lodge is now history.

France has repeatedly experienced conspiracies about which the most outrageous rumors circulate, and which never are quite resolved. A prominent (and aristocratic) politician was murdered in the 1970s in an affair never yet explained. François Mitterrand himself, when an ambitious young politician, was involved in a curious affair where he claimed to have escaped an assassination attempt; that later was revealed to have been a fake. Who was deceived by whom? It has never been settled.

No wonder the French and the Italians cannot really believe that Richard Nixon was brought down by a dumb burglary meant to steal information on his rivals, rather than by a meticulous conspiracy of liberal politicians and press. People in Europe even now find it hard to believe that anyone could be quite so wonderfully simple, and drifting along, to see the other side of the mountain, leaving history behind.

There is, I think, nothing like this in modern European literature, even though recent European history, far more than American, has been dominated by towering individuals — Hitler, Stalin,

Churchill, de Gaulle, Adenauer. Intellectuals have had to look for historical explanations in the abstractions of class, generation, the "forces" of social and economic interest. People and press are fascinated by conspiracies, real or fancied.

What appears lacking is a real confidence in individual action. The American presidential ritual is unthinkable here in Europe — that every four years the entire nation abandons itself for months in searching for and anointing a single individual to the mission of renewing the nation, restoring to it a boundless hope, no matter what has gone before.

It is an American strength that we go on with such confidence. It may also be that the pessimism of Europeans — and what I have been describing is a form of pessimism, a submission to uncontrollable forces — is a transient product of the events of the 20th century. From Renaissance to Revolution and Industrial Revolution, Europe possessed supreme confidence in its own and humanity's possibilities. Colonialism, imperialism — these were possibly only because of an explosion of confidence, a European conviction of mastery.

Europe today is the product of two world wars, inflation and revolution, totalitarianism — and genocide. People only now are emerging from this, still shocked, unsure of themselves, unconfident about their civilization, uncertain that all of that is over. During the last 70 years there have been given good reason for pessimism. But if their present pessimism is the result of these recent events, then it is the product of change, and will itself change. How interesting it would be if Matthias Rust indeed turned out to be a daredevil, who did it, alone, for the simple joy of doing it — who did it for the hell of it!

International Herald Tribune.

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Democrats Should Learn From Europe's Battered Left

By Stuart E. Eizenstat

WASHINGTON — The drubbing taken by the Labor Party in the British elections is the latest in a series of recent losses by liberal-left parties in major industrial democracies. They send a clear message to Democratic Party presidential candidates in 1980: Demonstrate that you can effectively manage the economy and social welfare programs and that you have a firm national security policy.

In the principal countries of Western Europe with electorates most similar to America's — West Germany, France and Britain — center-right parties have won convincing victories throughout the 1980s.

In 1982 and again earlier this year, Helmut Kohl's Christian Democratic Party wiped out the liberal Social Democratic Party, which had dominated West German politics for years. In France, the Socialist Party was repudiated last year by voters in favor of the conservative neo-Gaullists.

And, of course, in the United States, the Democratic Party has lost both presidential elections in this decade. Liberal or left-of-center parties generally were defeated because they were perceived to have lost control of inflation and mismanaged the welfare state (France) or because they were perceived as today's neo-isolationist party — a reversal from its internationalist attitude, dating from Woodrow Wilson's days.

The very factors that led to Labor's defeat and to the defeat of the liberal-left parties in France and West Germany will confront the Democratic Party as its presidential candidate in 1980. The party is at risk of being perceived as today's neo-isolationist party — a reversal from its internationalist attitude, dating from Woodrow Wilson's days.

To revive the policy thrust and drive of the administration, a week of new policy initiatives is needed. Here is one possible package:

1) Build a limited missile defense. In the morning of the first day, Mr. Reagan should announce that as long as the ABM treaty is in force and continues to be in the interest of the United States, America should fully live up to its terms. Article 3 of the treaty provides that both the Soviet Union and the United States may have "one ABM system deployment area . . . and no more than one counter-ABM interceptor missile."

The British Labor Party this year promised a major public-works bill to reduce double-digit unemployment, an expansion of the National Health Care Service, and an increase in old-age pensions, to be paid for with higher taxes — and was repudiated by middle-class voters.

Likewise, as the national security policies of liberal parties have changed, the parties have lost the voters' confidence in their ability to protect vital security interests.

In West Germany, the decline of the successful Social Democratic Party under the former chancellor, Helmut Schmidt, coincided with its abandonment of a strong defense posture exemplified by its encouragement of the deployment of Pershing and cruise missiles, which had given credibility to its détenté policy.

The defense policy of today's Brit-

isher, the only Democrat elected president in the last two decades, can from the outset as a centrist.

The party need not, and should not, become a pale carbon copy of the Republican Party. Democrats should assert a constructive role for government in making the nation more competitive and in helping lift the disadvantaged into the mainstream.

Foreign policy should emphasize the projection of democratic values, diplomatic and economic responses to regional problems and the need for mutual and balanced arms limitations.

But if the Democratic Party in 1988 is to avoid the fate of the British Labor Party in 1987, it must become a more centrist party. It must demonstrate that it can manage the economy, reduce federal deficits and control inflationary pressures.

And the Democrats must convincingly demonstrate that they will protect America's interests abroad and lead the free world with the full panoply of U.S. resources — diplomatic, economic and military.

The writer, a lawyer, was President Jimmy Carter's chief domestic policy adviser. He contributed this comment to The New York Times.

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And He Said (to Reagan): Six Days Shall Thou Labor . . .

By Martin Anderson

WASHINGTON — In the middle of Ronald Reagan's seventh year as president, the administration's policy seems to be without form and void of the bold, bold colors that characterized the early years. But the powers of an incumbent president are awesome. If Mr. Reagan decides to let there be light in the policy darkness now upon the face of his administration, that would be more painful for him than for those who cannot take care of themselves and who rely on welfare. A welfare system run by people close to the beneficiaries would be more compassionate and would have less fraud and abuse. In the long run, it would mean more benefits for those in need and in less cost to taxpayers.

3) Issue gold-backed Treasury bonds. In the morning of the third day, Mr. Reagan should direct the Treasury secretary to issue \$1 billion worth of gold bonds whose interest and principal would be payable in ounces of pure gold. Gold bonds would carry substantially lower interest rates, thus reducing the federal deficit a tiny bit. Most important, the issuance of such bonds would send a powerful message to the world. The transformation of even a small part of the U.S. monetary system into gold-backed securities would announce that America was very serious about maintaining a sound currency.

4) Repeal draft registration. In the morning of the fourth day, Mr. Reagan should issue an executive order repe

Europe
Africa

Syria Is Said to Demand Immediate Release of 2 Held Hostage in Beirut

The Associated Press

BEIRUT — Syria has demanded the immediate release of a kidnapped American journalist, Charles Glass, and of the son of the Lebanon defense minister, sources close to the Syrian Army command said Friday.

The kidnapping Wednesday in Beirut was seen as a major challenge to Syria's efforts to pacify Lebanon.

The sources said Syrian officers contacted leaders of the Shitate Moslem Hezbollah, or Party of God, during the night and "firmly demanded the quick release" of Mr. Glass, 36, and of Ali Ossiran, 40, son of Defense Minister Adel Ossiran.

The sources said the command also contacted Sheikh Mohammed Hussein Fadilah, a Shitate religious leader who is believed to be the spiritual leader of Hezbollah.

"No threats were made," one source said. "But it was clearly stated that the Syrian command regards the abduction as detrimental to Syria's role in safeguarding West Beirut's security."

The sources denied reports that the kidnappers had contacted the Syrian command.

The elder Ossiran, an influential Shitate Moslem, said Friday: "I have been told that Hezbollah carried out the abductions. But I personally make no accusations."

Aides to Mr. Ossiran said earlier that the minister had spent the night making contacts with Syrian officials and Hezbollah leaders to seek the release of the two hostages.

Mr. Ossiran, 79, won pledges of "unlimited assistance" from the

Syrian command and from Sheikh Fadilah, according to the aides.

In another development, a group said Friday that it had killed Elie Sour, a leader of Lebanon's Jewish community, in retaliation for Israeli bombardment of Shitate Moslem villages in southern Lebanon.

The Organization of the Oppressed on Earth made the claim in a handwritten statement in Arabic delivered to the independent Beirut newspaper al-Nahar, along with a photograph of Mr. Sour, 70, an electrical engineer who was kidnapped in West Beirut more than a year ago.

Bonn Sees No Link

A government spokesman said Friday that West Germany saw no connection between the case of a suspected Arab hijacker being held in Frankfurt and the kidnapping of Mr. Glass, United Press International reported from Bonn.

"We have no knowledge of any connection and we appeal to you against speculation," the spokesman, Friedhelm Ost, said when asked whether the latest kidnaps could be linked to the case of Mohammed Ali Hamadeh.

Mr. Hamadeh is sought by the United States in connection with the 1983 hijacking of a Trans World Airlines plane to Beirut and the murder of a U.S. Navy diver.

Sources in Bonn have said he probably will be put on trial there. There has been speculation that Mr. Glass, who interviewed passengers of the TWA jet, might have been kidnapped to prevent him from testifying at such a trial.

RAIN: Summer's Damp Welcome

(Continued from Page 1) understanding. Along the wet Quai du Mont Blanc in Geneva on Friday, swans seemed to outnumber people. Nay a tourist was in sight.

"First the decline of the dollar, and now this," said the proprietor of Le Glacier du Mont Blanc as she surveyed the depressingly empty cafe. Business was so bad, she said, that she didn't want to give her name. And there was no one else to talk to, because all the other little cafes along the port were closed.

Weather forecasters from London to Zurich are not really sure what has been coming all this precipitation and cold weather. But temperatures have dropped to unseasonable lows ranging from the high-40 and mid-50s (about 10 degrees centigrade) in most of Switzerland, West Germany and parts of the United Kingdom.

"If we were sure, we'd be able to issue more accurate forecasts," said an English weather forecaster in London.

But the forecasters think the poor-weather belt through central and northern Europe is caused by what they call a mid-Atlantic "blocking pattern" north of the Azores islands of Spain.

A forecaster at the London Weather Center said he and his colleagues don't really know how it got there, or what causes such a block; but what is happening is that it forces winds in a more northerly arc toward the Arctic Circle, before it sweeps down over southern Greenland, Iceland, Britain and then Europe, resulting in cold and rain.

The best weather right now is somewhere out over the central Atlantic," a London Weather Service spokesman said.

"We've had American tourists reserve for three nights and then leave after the first day," said Paul Palmer, director of the Hostellerie du Bon Accueil in the village of Chateau d'Oex, about a two-hour drive north of Geneva.

On Thursday, he said, it snowed above a mountain level of about 4,000 feet (1,250 meters) "and all

Soviet Union Proclaims Amnesty for Prisoners

Reuters

MOSCOW — The Soviet Union declared an amnesty for prisoners on Friday to mark the 70th anniversary of the Bolshevik Revolution, the official news agency Tass said. The government did not specify which prisoners would be released.

The 60th anniversary amnesty in 1977 freed prisoners sentenced to less than five years and permitted the reduction of other sentences by half. Serious offenders and dissidents were excluded.

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A policeman in Seoul doused flames on a fellow officer Friday after a student attack.

KOREA: Prime Minister Warns Nation to Curb Rioting

(Continued from Page 1)

government has considered in recent days, extending to martial law.

However, Mr. Lee's general conciliatory approach suggested that the government would continue with plans to offer political concessions to the opposition in an effort to end the crisis.

Central Seoul, the scene of intense fighting Thursday night between police and demonstrators, was quiet Friday. But government television reported that protest rallies, many of them violent, occurred at 24 university campuses in the city, with 27,000 students taking part.

Reagan Urges Discussions

David K. Shipler of The New York Times reported earlier from Washington:

President Reagan's letter to President Chun urges him not to overreact to street demonstrations and calls for a resumption of discussions with the opposition, a senior administration official said.

The letter calls on Mr. Chun to take steps toward establishing full democracy, the official said. He described it as part of the administration's "quiet diplomacy" aimed at fostering a liberalization of the South Korean political system without antagonizing the authorities and provoking a crackdown.

[Mr.] Reagan declined to say Thursday whether he had sent such a letter, telling reporters during a picture-taking session at the White House, "I'm not going into any details on what we might have done or not done," The Associated Press reported.

Austrian 'Saddened'

Foreign Minister Alois Mock of Austria said Friday that he was saddened and deeply affected by the hatred of reactions to Mr. Waldheim's planned visit to the Vatican next week, it was reported from Vienna by Agence France-Presse.

"I never expected such reactions to be as violent," said Mr. Mock, who is head of the conservative Popular Party.

He said he was disturbed that a campaign of defamation was being pursued against Austria with such determination and lack of comprehension.

The administration has also endorsed a proposed nonbinding congressional resolution criticizing Mr. Chun and calling for talks between the government and the opposition on constitutional reform.

Support for the resolution, which was expressed by the deputy assistant secretary of state, William Clark Jr., during a House subcommittee hearing, constituted the administration's strongest public step since clashes began.

The resolution proposes no eco-

Peruvian Aircraft Is Lost; 46 Aboard

United Press International

LIMA — A twin-engine Peruvian Air Force plane with 46 passengers and crew disappeared during a flight from the capital to an Amazon jungle village and was declared lost, authorities said.

An air force spokesman said the Soviet-built Antonov-36 lost contact with air traffic controllers after it took off from Lima at 8:12 A.M. Thursday. An Aeronautics Ministry statement said the plane was bound for Sepososo, 350 miles (560 kilometers) north of Lima. The spokesman said the plane had a crew of six, but that it was not known if the 40 passengers were air force personnel or civilians.

"If the block over the Atlantic was now over Europe, we'd be having nice weather conditions," said the spokesman for the London Weather Center. "So my advice is, stick it out a bit more and you'll find the weather breaking up — maybe even next week."

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France Said to Refuse Pretoria's New Envoy

Reuters

PARIS — President Francois Mitterrand has temporarily refused to accept the credentials of South Africa's new ambassador, Hendrik Geldenhuys, to protest the imprisonment of a young French teacher in Matabane, diplomatic sources said Friday.

South African and French officials would not confirm the report. France has been unable to obtain the release of Pierre-Andre Albertini, who was sentenced to four years in prison for refusing to testify against African nationalists.

COURT: 'Creationism'

(Continued from Page 1)

quist, said the court should not have struck down the law.

The people of Louisiana, including those who are Christian fundamentalists, are quite entitled, as a secular matter, to have whatever scientific evidence there may be against evolution presented in their schools."

The ruling came in a case in which the anti-evolutionists found themselves in the best legal position they had been in since 1925, when John Scopes was convicted for teaching evolution in the famous "Monkey Trial" in Tennessee.

A federal district court judge had struck down the law in 1985 without ordering a trial. A three-judge panel on the appeals court agreed, but seven of the circuit's 15 judges joined in an opinion that said the equal time provision could be constitutional.

Secord Denies Report

Fox Butterfield of The New York Times reported earlier:

General Secord denied on Friday that he had had any financial connection with Edwin P. Wilson, the renegade CIA agent convicted of smuggling arms to Libya, and charged that congressional committees were conducting a "continuing campaign" to discredit him.

Decision Assailed

Fundamentalists argued the decision as a blatant exercise of judicial power, United Press International reported.

President Ronald Reagan, who supports the teaching of creationism, declined comment.

The atheist leader, Madalyn Murray O'Hair, said: "I thought they would go with the crazies. We are so pleased. We're going to have a beer bust." Many scientists expressed satisfaction, including 72 Nobel laureates who opposed the law.

"Neither the IOC [International Olympic Committee] nor the USOC or any country's Olympic committee is going to subject athletes to a situation of putting them at high risk," George Miller said Thursday at the U.S. Olympic Academy conference. "Only time will tell us what the risk will be."

Jewish Groups Ask Talks

Representatives of major U.S. Jewish organizations Friday demanded a meeting with Pope John Paul II to discuss his agreement to receive Mr. Waldheim described by them as "an unrepentant Nazi."

The Associated Press reported from New York.

"He does not want to offend any Jew or find excuses for the situation of any Nazi criminal, but he wants to tell the Austrians that they are no parishes, no outcasts one does not touch," it concluded.

The Arbeiter Zeitung, newspaper of the Socialist Party, which shares power with Mr. Mock's Popular Party, said, "Mr. Waldheim is no longer a problem for Austria only, he now exports problems to Roman Catholics all over the world."

"In a statement, the leaders urged that an early meeting with the pope to discuss substantive issues of Jewish-Catholic relations and to clarify for us and all who share our dismay the motivation for imparting the honor of a papal audience to Kurt Waldheim."

The Associated Press reported from New York.

They said such a session must be held before a scheduled ceremonial meeting between Jewish leaders and the pope in the United States in September.

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The Associated Press reported from New York.

Twelve Civil Guards died and more than 20 were injured.

PANEL: Lying at Hearings Feared

(Continued from Page 1)

would testify next week that he had a financial tie to Mr. Wilson, who is serving a 52-year prison term.

General Secord termed the report "an obvious fabrication."

The report quoted congressional investigators as having said that the former CIA officer, Glenn Robinette, would provide the testimony to the congressional committees investigating the Iran-contra affair.

The investigators indicated that Mr. Robinette might have information about General Secord's role in a company called the Egyptian-American Transport and Services Corp., which pleaded guilty to overcharging the Department of Defense by \$5 million for shipping arms to Egypt. Mr. Wilson has claimed that he provided capital for the company, known as Eatsco, and that General Secord was one of several silent partners in it.

The investigators said that Mr. Robinette was expected to testify about General Secord's personal, social and business ties to a group of former CIA operatives and military officers that Mr. Wilson helped bring together.

This group, formed in the late 1970s, often met at Mr. Wilson's country house in Virginia and, according to the investigators, it provided much of the structure for the covert operation run out of the White House by Colonel North to sell arms to Iran and the Nicaraguan rebels.

BOMB: 15 Killed in Barcelona

(Continued from Page 1)

Three others died in a hospital, the civil governor's office said.

The office said identification of some of the victims was difficult because they had been burned beyond recognition.

Firefighters told reporters that most of the deaths appeared to result from asphyxiation caused by thick clouds of smoke caused by the explosion, which came at 4:15 P.M.

The injured were taken to local hospitals, where they were being treated for burns and smoke inhalation, hospital officials told reporters.

Prime Minister Felipe Gonzalez announced he was cutting short a visit to Brazil because of the attack, the Spanish news agency EFE reported.

The Barcelon blast came a week after an ETA attack on a network of pipelines near a petrochemical complex in Tarragona, 50 miles (80 kilometers) south of Barcelona.

The Tarragona blast caused a huge fire that burned for several days, but no one was injured.

Last winter, police said they had foiled an ETA plot to blow up Madrid's largest shopping center.

They said icy roads had prevented the guerrillas from bringing a large consignment of explosives to the capital.

Meanwhile, a Madrid court earlier Friday sentenced two Basques to six years in prison each for belonging to the ETA.

(AP, AFP, Reuters)

An Invitation to Oxford.

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EUROPEAN

TOPICS

Zoos May Disappear From Italian Cities

Zoos are closing in northern Italy, and this week's election of Greens party deputies to the Italian parliament may well make the entire country's zoos an endangered species.

The offensive against the zoos started two years ago when Gian Luigi Melega, a journalist and deputy for the Radical Party, submitted a bill calling for the removal of zoos in cities larger than 300,000. He said Italy's 60 major zoos kept animals in cramped, filthy cages and the keepers often were unqualified. The lawmakers have not debated the bill so far, but 13 Greens deputies are expected to bring it up.

Turin was first to close its zoo, and Milan and Verona are following. Brescia will hold a referendum and so will Rome, with the country's biggest zoo, housing 1,500 animals on 25 acres (17 hectares).

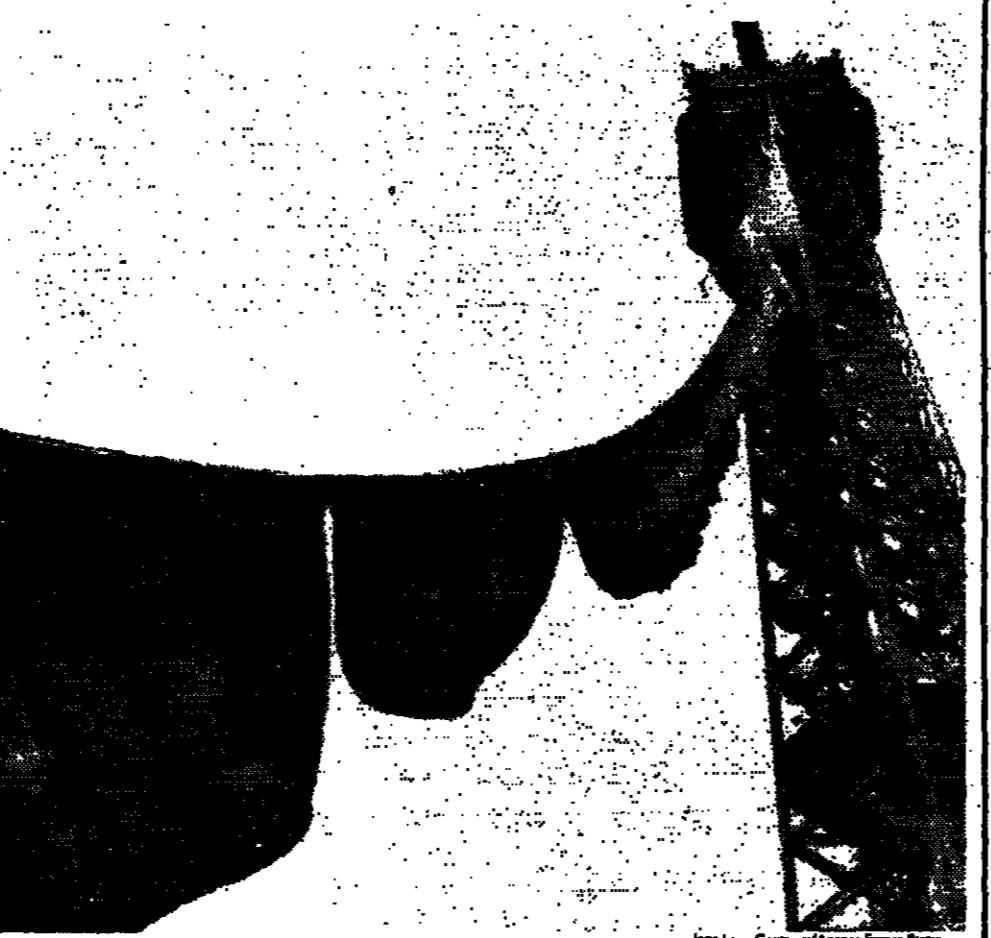
Before the Turin zoo closed at the end of March most of its animals had been sold to animal parks in Italy or to zoos elsewhere in Europe or the Middle East. However, several animals including Romeo, an 18-year-old giraffe, are still awaiting buyers.

American Hospitals Poach British Nurses

Representatives of 15 U.S. hospitals arrived in London this week to recruit as many as 1,000 British nurses, who are in short supply in both countries. The American arrival was heralded by a media blitz leading up to a three-day Nursing Jobs Fair that opened in London Thursday.

With the prospects of higher pay, hundreds of British nurses were expected to attend the fair. Richard DeVito, the fair's American coordinator, said the lowest starting salary for a nurse in the United States is \$22,000 (£13,415), and a nurse in a management position can earn between \$35,000 and \$45,000. In Britain, nurses' salaries range from about \$7,000 to just above \$16,000.

The shortage in Britain has become critical because of pay and unsatisfactory working conditions, according to the National



EIFFEL RAINBOW — A fabric rainbow appeared amid the Paris showers Friday after the unveiling from the Eiffel Tower of a polyester strip 1,000 feet (300 meters)

Union of Public Employees. Thirty thousand nurses left their jobs last year and 25 percent of nursing vacancies in London hospitals are unfilled. Mr. DeVito said British nurses were being recruited because they are among the best trained in the world.

Around Europe

The weed-filled field above Hitler's Berlin bunker will be transformed into a park and children's playground, according to East Berlin authorities. The 11.25 acres (4.5-hectares) near the Berlin Wall will be landscaped and surrounded by 1,300 dwellings and a shopping center of stores and restaurants. The bunker in which the Nazi leader is believed to have committed suicide 42 years ago has been filled in and the rubble smoothed over. The project is part of a renovation to mark Berlin's 750th anniversary, which will be celebrated by East Germany in October.

France has banned TV ads of

drinks containing more than one percent alcohol, including beer. Michele Barzach, the public health minister, said beer was responsible for growing alcoholism among young people. Film, radio stations, publications and billboards may continue to advertise alcoholic drinks, but the ads may not link alcohol to sexuality, sports, work or motor vehicles. Private TV channels said the action will lead to an annual loss in revenue of about five percent. Commercials for alcoholic drinks had already been forbidden on public TV.

Switzerland has granted residence permits to Sheikh Ahmed Zaid Mansuri and his family because the former Saudi oil minister's moderating influence in the OPEC oil price talks had been committed suicide 42 years ago has been filled in and the rubble smoothed over. The project is part of a renovation to mark Berlin's 750th anniversary, which will be celebrated by East Germany in October.

The crew of a Norwegian merchant ship, in the first reported incident of its kind, got close

to which calls for severe curbs on immigration. Mr. Yamani, who will settle in Chernigov, a Valais ski resort, already owns apartments in Chernigov and Geneva and is considered an excellent taxpayer, Mrs. Kopp added.

Two swallows have built their nest in the bedroom of a house in western Denmark for the second year in a row, according to the daily Jyllands Posten. Last year they nested on top of a bedroom armoire in a house in the town of Hiumum, but this year they preferred a lamp shade. "We like each other's company," said the owner, Lissie Madsen, "but this year we can't use the ceiling light as long as the swallows have rented it."

Coming Up for Air, Soviets Get Surprise

The crew of a Norwegian merchant ship, in the first reported incident of its kind, got close

enough to a Soviet submarine to throw the crew a gift of photographic magazines.

An oil-rig supply ship from Tromsø, in northern Norway, spotted the submarine on Sunday as it surfaced in international waters in the Barents Sea about 40 miles (64 kilometers) off Norway's northern coast.

According to a NATO spokesman: "The Soviets waved back. So the ship put out a launch and pulled up right alongside the submarine."

He said they threw the magazines on the submarine's deck in a plastic bag and asked if the Soviets had any vodka for them. "The answer was no."

The Norwegian ship's crew taped the incident on video and handed the film over to military officials on their return Wednesday.

"It's pretty rare for anyone to get so close" to a Soviet submarine, the NATO officer said.

— SVETSKIE LOOLJEN

DAEDALUS: The Dream Lives, on Fragile Wings

(Continued from Page I)

Mr. Tremml's percentage of body fat is 6.

A two-and-a-half-hour human-powered flight, he said, is "a lot more difficult" than a two-and-a-half-hour triathlon.

"You can't ever back off and get your wind again," he said. "The plane needs a minimum amount of power just to fly. As soon as you back off, you start losing altitude."

The roots of the modern Daedalus project can be traced to 1979, when an MIT team built an easy-pedaling 10-mile-an-hour aircraft named Chrysalis to fly across the English Channel. At stake was a prize of £50,000 put up by Henry Kremer, a British industrialist, for the first cross-channel flight under human power.

But only seven days after the first airborne test of Chrysalis, the Gossamer Albatross made its historic flight.

The MIT team went on to build a smaller aircraft called Monarch, which in 1984 set a world speed record for human-powered flight by negotiating a diamond-shaped 1,500-meter (1,635-foot) course at 21 miles per hour.

The manager of the Daedalus project, John S. Langford 3d, is a former aeronautical engineer with Lockheed Corp. He holds master's degrees in aeronautics and astronautics and in defense policy and arms control; is a doctoral candidate in aerodynamics and public policy at MIT; and is currently a researcher at the Institute for Defense Analyses in Alexandria, Virginia.

After building the Monarch, he remembers, the team was looking around for something to do next, "something that would drive the technology" of man-powered flight. Duplicating Daedalus, he said, "seemed like a natural."

The flight from Crete, however, would be more than triple the distance traveled by the Gossamer Albatross, and none of the other man-powered aircraft had flown longer than five minutes. "We didn't really know if it was possible," Mr. Langford said.

So with \$74,000 provided by the Smithsonian's Air and Space Museum and MIT, the team spent a year researching everything from high-tech aerodynamics to the metacology of the Aegean Sea to way the wax wings melted.

Fueled by special high-tech glucose drinks, Mr. Tremml will pedal off the beach of Crete and head northward over calm seas. The weather will have to be calm, Mr. Langford said; headwinds almost aborted Mr. Allen's flight across the channel.

The plane's designed speed of 15

mph is a carefully constructed compromise: A faster speed would tax

Mr. Tremml too much; a slower one would leave him exposed too

long to the merciful Mediterranean weather.

Keeping the 11-foot, 1.9-pound

propeller of Kevlar-wrapped Styrofoam rotating at cruising speed,

Mr. Tremml said, takes 70 percent

of his aerobic capacity. Getting the plane off the ground takes 140 percent, he said, "sort of like a quarter-mile sprint before the marathon."

But once into the air and under

way, he said, man-powered flight is

"almost completely silent."

"The loudest sound is the sound

of my own breathing," he added.

search for a human engine, he became interested. But the team was not initially interested in him — "because I wasn't a national-caliber athlete," Mr. Tremml said. When Dr. Nadel found out Mr. Tremml was a licensed small-plane pilot, however, he was granted an interview.

The Daedalus team tested Mr. Tremml on a slowed-down flight simulator originally designed for jet pilots. They weighed him and measured him and tested his body fat. Finally, they strapped him in a stationary cycle "ergometer" in the basement and had him pedal for four hours at power settings 10 percent higher than they thought the flight would ever need.

While a lot of athletes could pump for more power than Mr. Tremml could, he produced more power per unit of body weight — "which is much more important in a plane than on a bicycle," Mr. Tremml said.

Finally, the researchers decided Mr. Tremml should make the key January test flight in the Light Eagle.

Until then, they found Mr. Tremml, the top pound-for-pound pilot was Lois McCallum of Belmont, Massachusetts, another triathlete. Now the team is looking for two more pilots.

"I had to be better than Lois. Anybody from now on will have to be better than I am," Mr. Tremml said. "Or, to put it another way, I'm the worst they'll take."

On the appointed day next spring, the team will start early, possibly even at night. "It's the heat that can kill you on this flight," Mr. Tremml said, taking note that Icarus fell into the sea when his wax wings melted.

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NASDAQ Diary

AMEX Stock Index

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Higher at Triple Witching

United Press International

NEW YORK — Prices on the New York Stock Exchange carved out a modest gain Friday in heavy but orderly trading as new rules designed to dampen the volatility of the "triple-witching" day appeared to work reasonably well.

The Dow Jones industrial average, which hit a record high of 2,408.13 Thursday, gained 12.72 more to close at 2,420.85. Advancing issues outpaced losers 21-17.

Volume on the NYSE amounted to 220,48 million shares up from 168,58 million Thursday.

Traders and analysts said that new rules for the so-called triple-witching, the quarterly phenomenon in which stock options, stock index futures and options on the futures expire the same day, worked fairly well.

Under the old rules, all three classes of instruments expired at the close of trading on the third Friday of the last month of each quarter, with settlement of contracts based on the closing index and stock prices.

The new rules provided for trading in some active contracts, such as Standard & Poor's 500 index futures, to cease at Thursday's close, with settlement on the basis of Friday's opening prices for the underlying stocks. Other index futures expired as before, at the close Friday.

But analysts said that many players were on the sidelines throughout the typically volatile session. They cautioned that because the market is at all-time highs and is widely regarded as overbought, there was little chance for strong upside movement in any case.

"We shouldn't hang our hat on whether it worked well once," said Chester Pado, director of technical analysis at Jefferies & Co. in Los Angeles. "But I'm certainly pleased that there weren't the wild gyrations there were in the past."

Gerald Simmons, a managing director in the listed trading department at Smith Barney, Harris Upham & Co., said that the opening went "fairly smoothly" under the new rules, although volume was "distorted tremendously." More than 40 million shares changed hands in the first few minutes of trading.

A moderate surge in the final moments of trading added about 20 million shares.

Jack Baker, head of the equity block trading desk at Shearson Lehman Brothers Inc., said there was very little institutional or retail activity during the triple-witching day.

But Mr. Baker said that he expects institutional investors to reappear next week as the end of the quarter approaches, and he suggested that the influx of money into the stock market could carry the Dow average to new highs.

AT&T was the most-active NYSE listed issue, up 4% to 39.

It was followed by Gillette, which rejected a \$40.50 buyout bid late Thursday from Revlon Group. It fell 3% to 39.

Pan Am, the object of takeover rumors, was up 1/2 to 61/2.

Among blue chips, General Electric fell 1/2 to 53; General Motors gained 1/2 to 83; USX fell 1/2 to 31; Coca-Cola gained 1/2 to 45½ and American Express rose 1/2 to 36.

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Pan Am, the object of takeover rumors, was up 1/2 to 61/2.

Among blue chips, General Electric fell 1/2 to 53; General Motors gained 1/2 to 83; USX fell 1/2 to 31; Coca-Cola gained 1/2 to 45½ and American Express rose 1/2 to 36.

Volume on the NYSE amounted to 220,48 million shares up from 168,58 million Thursday.

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AMEX Market Report	P-12
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SATURDAY-SUNDAY, JUNE 20-21, 1987

Herald Tribune

BUSINESS/FINANCE

Dow Hits New High,
At 2,420.85. Page 8.4 P.M.
PRICES
UP

Page 9

ECONOMIC SCENE

Memories of Walter Heller, Persuader to PresidentsBy LEONARD SILK
New York Times Service

NEW YORK — Walter W. Heller, who died this past week at the age of 71, raised the role of the president's Council of Economic Advisers to the highest level it has attained since that body was established by the Employment Act of 1946.

One reason for Mr. Heller's brilliant performance as chief economic adviser to Presidents Kennedy and Johnson was his use of the English language. He could make economic ideas not just intelligible but arresting and persuasive to presidents, congressmen, business and labor leaders, journalists and everyone else — and without debasing or distorting the ideas he was pushing.

He loved metaphor. "The fine mist of incipient inflation may be turning into light rain," he warned early in 1966, about a year after he left Washington to return to teaching at the University of Minnesota. But President Johnson, determined to pursue the war in Vietnam without going to Congress for a tax increase, was slow to heed the warnings of Mr. Heller and his other economic advisers, and the inflationary rain came down.

Whether in failure or success, however, Mr. Heller demonstrated that economic rhetoric is the crucial link between economic analysis and policy making. As Donald T. McCloskey has emphasized in his book, "The Rhetoric of Economics," the mathematical formulations of economists are of little use unless they can be translated into arguments that policy makers and the public can understand and be willing to act upon.

The art of persuasion is a matter not of words alone but of heart and courage and charm. Mr. Heller had these qualities in abundance and used them lavishly inside the White House in dealing with the president and his political aides, most of whom were trained as lawyers. He fired memos at them and followed up with face-to-face lectures. He worked incredibly long hours and got his exercise in Washington by ignoring the elevators and running up and down the stairs at the Old State Department building, the Executive Office of the President.

But Mr. Heller also carried his campaigns to the people.

HE WAS ALWAYS READY to spend time talking to reporters, being interviewed on television programs and speaking at public meetings. President Kennedy encouraged him to do that — to get out in front of the administration to see whether a new and controversial idea would fly or be shot down.

As good as Mr. Heller was in communicating economic ideas, his great distinction was that he brought to policy making the best professional economic thinking he could mobilize.

Although he enjoyed being chairman of the Council of Economic Advisers and was by no means without vanity, he was secure and modest enough to bring to that body the stars of the economics profession, such as James Tobin (later a Nobel laureate), Kermit Gordon, Gardner Ackley, Robert Solow and Arthur M. Okun, and he continuously consulted outsiders, such as Paul A. Samuelson, the first American Nobelist in economics.

The economic policies of the Kennedy and Johnson years were essentially built on the theory of John Maynard Keynes that total demand for goods and services could be manipulated to prevent unemployment on one side and to stop inflation on the other.

Did the outbreak of inflation in the latter half of the 1960's represent a failure of those Keynesian policies — or was it due to the unwillingness of President Johnson to heed his economists' advice? The answer is both. At first, the economists of the Kennedy-Johnson era were inclined to blame the political leadership for failing to take their advice in time to head off inflation by reversing fiscal policy to restrain aggregate demand, with the economy approaching full employment.

As time wore on, however, it became clearer that there had

See HELLER, Page 13

Currency Rates

June 19									
	U.S.	D.	F.	Y.	N.L.	G.D.	S.F.	Yen	
Amsterdam	2,344	122.44	32.72	1,157*	—	5,264	135.75	14,205	Yen
Brussels (a)	3,075	115.92	20,285	6,304	2,875	18,495	24,975	24,105	Yen
Frankfurt (a)	2,567	120.83	1,283	1,157	—	5,264	128.44	1,254	Yen
London (b)	1,167	—	2,956	1,048	2,358	3,222	41.23	2,408	Yen
Milan	1,219.58	1,247.25	72.23	21.64	—	61,184	34,000	1,211	Yen
New York (c)	1,219.58	1,247.25	72.23	21.64	—	61,184	34,000	1,211	Yen
Paris	1,094	1.91	3,267	4,419	2,954	16,115	—	4,025	4,205
Tokyo	144.70	24.20	79.27	11.99	—	70.7	382.80	95.61	—
Zurich	1,502	2,657	83.14	8.15	72.93	4,009	—	1,649	—
1 ECU	1,1262	1,0801	2,751	4,932	1,502.13	2,337	—	1,728	1,443
1 SDR	1,249	1,087	2,343	7,659	1,693.11	2,441	40,898	1,949	185.70

Closings in London and Zurich. Inflows in other European centers. New York rates at 4 P.M. (a) Commercial trans. (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (c) Units of 1,000 (b) Units of 10,000 (c) not available (d) To buy one pound \$42,337.17

See SALOMON, Page 11

Salomon Moves on Harcourt**Has Rights to A 36% Stake**

Compiled by Our Staff From Dispatches

WASHINGTON — Salomon Brothers Inc., the big U.S. securities firm, disclosed in a Securities and Exchange Commission filing Friday that it had amassed the rights to acquire a 36 percent stake in Harcourt Brace Jovanovich Inc. through earlier purchases of convertible debentures.

The surprise announcement appears to dramatically change the equilibrium of a takeover fight for Harcourt, a prestigious U.S. textbook publisher.

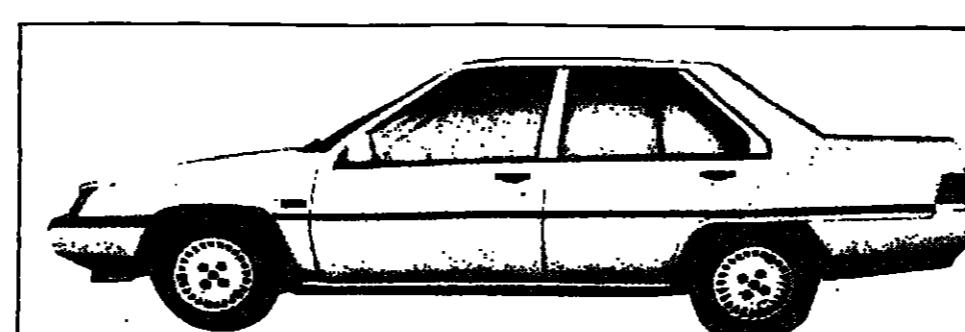
The rights, if exercised, would appear to give Salomon a significant stake in Harcourt and the role of arbiter in Harcourt's battle to ward off a proposed \$2 billion takeover by Robert Maxwell, the British newspaper publisher, said John Reid, an analyst with Drexel Burnham Lambert.

Harcourt's share price dipped 25 cents to close at \$57.875 in trading on the New York Stock Exchange.

Carved out of jungle and government-owned oil palm estates, the Shah Alam site is intended to be the fulfillment of a dream for Malaysia, which is anxious to advance from the uncertainty of commodity production to one of sleek industrial technology.

It is also the centerpiece of a highly ambitious industrial strategy, a sort of Malaysian "great leap forward" that was adopted by Prime Minister Mahathir bin Mohamad soon after he took office six years ago.

With a projected base price of about \$5,000, the Proton Saga has an even chance of finding a



The Proton Saga, the Malaysian subcompact that is to be exported to the United States.

'Dream Car' Is Malaysia Nightmare**As Costs Soar, Few Believe Proton Can Compete in U.S.**By Patrick L. Smulich
International Herald Tribune

SHAH ALAM, Malaysia — A few months from now, if all goes according to plan, a gleaming new factory on the outskirts of this small provincial capital will be thrust onto the world stage in one of the most prestigious of heavy industries.

Perusahaan Otomobil Nasional, or Proton, began building Malaysia's "national car" only two years ago. Proton, a joint venture with the Mitsubishi group of Japan, is now scheduled to start exporting two versions of the Proton Saga to the United States early in 1988.

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move into exports is likely to cost many millions more.

"We are simply too inefficient to compete effectively in a market like the United States," a local investment analyst said. "If the Proton is a success, it will be only because Malaysians are subsidizing it."

In recent interviews, Proton officials acknowledged that the company's production costs are \$5,760 per unit for the smaller Saga and \$9,920 for the larger one, indicating a minimum subsidy of almost 20 percent on models sold at the base price in the United States.

When freight charges and the cost of modifying the car for the U.S. market, many industry analysts believe, although somewhat underpowered — there are only 1,300cc and 1,500cc models — the car generally has been well received locally and in a few test markets abroad.

But Shah Alam and the product manufactured there is less a dream than a national nightmare, leading economists and executives say. It has already cost Malaysia many millions of dollars in public investment funds that are unlikely to be recovered, these sources contend, and the

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Market-making is the offering of continuous buy-and-sell quotations in selective securities, conducted on the bank's own accounts.

Lloyd's Merchant Bank Group, the investment banking arm established by Lloyd's before the market deregulation, posted a £28 million loss in 1986. Lloyd's had attributed the loss to high start-up costs and to "difficult conditions in the bond market."

Banking analysts said at the time that Lloyd's never really got themselves set up, he said. "They went the grow-it-your own route — starting from scratch, hiring away people rather than buying an existing gilt jobber or broker. I just don't think they ever achieved critical mass."

Analysts said that speculation on further withdrawals from gilts would center on other banks, particularly commercial banks, that had, like Lloyd's, attempted to establish gilt operations in London on their own.

The Lloyd's move is significant in that it's the first pullout in gilts, said Rod Barrett, banking analyst with Hoare Govett Ltd.

Lloyds Stops Market-Making In Gilts, E-BondsBy Warren Getler
International Herald Tribune

LONDON — Lloyd's Bank PLC, in an unexpected move, withdrew from market-making in Gilts and in British government bonds.

Lloyd's is the second of the "Big Four" British clearing banks to abandon a market-making operation since the deregulation of the British capital market last October, and the first to abandon trading in gilts.

Brian Pitman, Lloyd's chief executive, said: "We have a relatively small position in these two overcrowded markets and we have decided to reallocate the resources to areas promising a better return on our shareholders' investment."

The move followed a decision in March by Midland Bank PLC to abandon equity market-making operations after suffering heavy losses.

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"My guess is that there might be one or two others on the way — gilts is a business that can't be making a lot of money for anybody and is certainly costing a lot for everybody."

Lloyd's was one of 27 approved primary dealers in the gilt-edged market. Recent surveys among institutional investors have revealed a widespread belief that not more than 15 primary market-makers in gilts would survive the first three years of competition.

Lloyd's' chances of survival in the fiercely competitive market had not been highly rated from the start. Fourteen of the remaining 26 contenders in the gilt market are foreign-owned.

Lloyd's' decision should not be seen as linked to speculation that the bank is considering setting aside up to £650 million in loan-loss provisions this year, said Terry Smith, banking analyst with Barclays Bank PLC, one of the Big Four.

"Lloyd's never really got themselves set up," he said. "They went the grow-it-your own route — starting from scratch, hiring away people rather than buying an existing gilt jobber or broker. I just don't think they ever achieved critical mass."

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Several American banks, including Bankers Trust New York Corp. and Morgan Guaranty Trust Co., fall into that category, they said.

As Ever, U.S. Banks and Securities Firms Resist Threats to TurfBy John M. Berry
Washington Post Service

WASHINGTON — Representatives from banking the securities industry and the Federal Reserve have told the Senate Banking Committee that major changes are needed in U.S. banking and securities laws. But they disagreed, as similar witnesses have for years, on what the changes should be.

The retired chairman of Citicorp, Walter B. Wriston, told the panel that American Express Co. is a model of the financial-services corporation of the future.

He noted that its subsidiaries in

clude the 49th-largest bank in the country, a major insurance company, a big securities dealer, its credit-card and travelers-check operations and other financial services.

Several federal and state agencies regulate American Express business activities. The Securities and Exchange Commission oversees the company's compliance with requirements related to the issue of stock, for example. But there is no regulation of what American Express, as a holding company, may own. "It works," Mr. Wriston said repeatedly.

American Express is

Chrysler to Buy Military Contractor

The Associated Press

Detroit — Chrysler Corp. said Friday it had agreed to buy Electrospac Systems Inc., a Texas military electronics contractor, for \$36.7 million, or \$27 a share.

Electrospac shares closed Friday on the New York Stock Exchange at \$26.75, down \$3.375 from \$27.62.

James Lightner, chairman and president of Electrospac, said the board had recommended unanimously that shareholders sell their stock to Chrysler when the tender offer begins June 25.

Thomson to Pay £90 Million For U.K. Television Maker

Compiled by Our Staff From Dispatches

LONDON — The French electronics giant Thomson Grand Public has bought the Ferguson television business from Britain's Thorn EMI for £90 million (\$146 million) cash, the companies announced.

The move will create one of the world's largest consumer electronics companies. Thomson Grand Public said Thursday that the addition of Ferguson would boost its sales by 20 percent.

Ferguson, the brand leader in Britain, had £300 million in sales in the year ended in March.

Its sale leaves Fidelity as the only remaining British maker of television sets.

Thorn EMI, Britain's largest maker of televisions, said Ferguson would benefit from being part of an international organization.

The group director of Thorn EMI, Colin Southgate, said Ferguson had been unable to face up to

The four founding shareholders of Electrospac already have granted Chrysler options to buy their 38 percent of the company, Chrysler said.

Chrysler's chairman, Lee A. Iacocca, said that Electrospac would "make a real contribution to Chrysler in the high-tech area, especially now that it is being teamed up with Gulfstream Aerospace Corp."

Chrysler purchased Gulfstream, a maker of corporate jets that is based in Savannah, Georgia, in 1985 for \$642 million.

increased international competition.

The sale is expected to push Thomson into second place on the European television market, behind Philips NV of the Netherlands.

(AP, AFP)

Sainsbury to Control Shaw's Supermarkets

Reuters

LONDON — J. Sainsbury PLC, the British supermarket operator, said Friday it had agreed to take control of Shaw's Supermarkets of the United States through share purchases and a tender offer.

Sainsbury said its U.S. subsidiary bought 25.5 million common shares from the Davis family, which controls Shaw's, on Thursday for \$76.5 million, lifting its stake to 49.4 percent. A tender offer will be launched at a maximum further cost of \$184.4 million.

The company designs and makes communication and electronic systems such as navigational and switching equipment, for military and commercial uses.

"Electrospac Systems is an important supplier of high-tech electronic systems to commercial and governmental customers," Mr. Lightner said.

"With Chrysler's resources behind us in the future, we can expect even faster growth in both areas."

In the past 10 years, Electrospac revenues have grown 33 percent a year and its net income has grown 31 percent, Chrysler said.

Mr. Hahn's remarks but would neither confirm nor deny rumors that a production agreement would be announced next week.

"There is little doubt that VW and Toyota are also exploring an agreement on European auto production," said an auto equities analyst for Westdeutsche Landesbank AG in Düsseldorf.

Japan sold more than one million cars in European Community nations in 1986, and auto industry experts expect sales to be about 20 percent higher in 1987.

Analysts said the VW-Toyota talks center on the possibility of production of Toyota's luxury pickup truck, the Hilux, at VW's light truck plant in Hannover.

Japanese companies see these agreements as a way to circumvent possible import restrictions, and to mute protectionist sentiment,

Electrospace and Gulfstream will be run separately, but Electrospace will be used to boost Gulfstream in the military field, a Chrysler spokeswoman said.

Mr. Iacocca said Electrospace's current management would remain.

For some time, Mr. Iacocca has said that Chrysler, the No. 3 U.S. automaker, was seeking a high-tech acquisition similar to General Motors' purchases of Electronic Data Systems Corp. in 1984 and Hughes Electronics Corp. in 1985.

Last December, he said that Chrysler, which had cash reserves of about \$3 billion at the end of 1986, should commit \$1 billion to making technology acquisitions.

He also said that Chrysler was looking for acquisitions in the financial area to strengthen its Chrysler Financial Corp. unit.

Electrospace, based in Richardson, Texas, has 2,500 employees in three cities. It had net income of \$10 million on sales of \$191 million in 1986. About 92 percent of its sales went to the military.

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Salomon said it would leave open a range of options regarding its debentures, including their conversion into stock; the purchase of additional debentures; the sale of all or part of its stake in the market or in negotiated deals; talks with other holders of Harcourt securities; and the surrender of the debentures in the event of a merger or tender offer.

In London, meanwhile, rumors that Harcourt might bid for Reed International PLC, the British paper and printing company, pushed Reed shares up 18 pence to close at 564.

Analysts said that speculators were buying the stock on the belief that Harcourt would bid for Reed to escape the bid from British Printing. British Printing closed 3 pence higher Friday at 301.

"If Harcourt buys Reed, it would make them too big for BPCC and could well scuttle the bid," one analyst said.

Market Rumors Link Volcker And Continental Illinois Post

Reuters

NEW YORK — Continental Illinois Corp.'s stock rose Friday in active trading on the New York Stock Exchange amid a swirl of rumors, traders said. One was that Federal Reserve Chairman Paul A. Volcker would join the bank after his term expires in August.

Another rumor was that the bank would soon raise its loan loss reserves, traders said.

Continental Illinois said it had no comment on the rumors.

A spokesman for the Federal Reserve said that Mr. Volcker had made no public comment about his future since June 2. On that day, Mr. Volcker was asked about his plans and replied, "I have not the vaguest idea."

By early afternoon Friday, Continental's stock had gained 25 cents to \$5.375. On Thursday, the stock rose 50 cents in active trading.

"The rumor on Continental Illinois is that Volcker is going there," one trader said. "This rumor has pushed their equity base up about 18 percent in terms of the stock move," he said, noting the two-day activity in the issue.

Another trader said, "The story that started going around yesterday was that Volcker was going," to Continental. "But most people say why would Volcker go to Chicago when he can easily get another job at another place in New York and be near his family," he said.

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**Friday's
AMEX
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Stock	Div.	Vid.	PG	\$100	High	Low	Quot.	Close
Semin	A	5	5	47	74	71	71	71
Semir	201			11	11	10	10	10
SesCo	251			9	11	10	10	10
SesPro	252			3	10	9	9	9
Sess	253			121	210	204	204	204
Sespro	-			11	17	16	16	16
Sespro	-			57	25	24	24	24
Sespro	-			10	12	11	11	11
Servco	541	115	12	12	78	77	77	77
Seter	110			10	12	11	11	11
ShoeS	454	25	9	15	15	15	15	15
ShoefG	255			9	15	14	14	14
Shoppo	216	23		732	914	874	874	874
SherrH	256			27	29	27	27	27
Shersh	257			27	29	27	27	27
Shirch	258			5	5	5	5	5
Shico	106	11	46	5	5	5	5	5
Shiggy	259			17	20	19	19	19
Shivco	260			12	15	14	14	14
SmithA	261	25	19	12	21	20	20	20
SmithB	262			12	21	20	20	20
SmithC	263			12	21	20	20	20
SmithD	264			12	21	20	20	20
SmithE	265			12	21	20	20	20
SmithF	266			12	21	20	20	20
SmithG	267			12	21	20	20	20
SmithH	268			12	21	20	20	20
SmithI	269			12	21	20	20	20
SmithJ	270			12	21	20	20	20
SmithK	271			12	21	20	20	20
SmithL	272			12	21	20	20	20
SmithM	273			12	21	20	20	20
SmithN	274			12	21	20	20	20
SmithO	275			12	21	20	20	20
SmithP	276			12	21	20	20	20
SmithQ	277			12	21	20	20	20
SmithR	278			12	21	20	20	20
SmithS	279			12	21	20	20	20
SmithT	280			12	21	20	20	20
SmithU	281			12	21	20	20	20
SmithV	282			12	21	20	20	20
SmithW	283			12	21	20	20	20
SmithX	284			12	21	20	20	20
SmithY	285			12	21	20	20	20
SmithZ	286			12	21	20	20	20
SmithAA	287			12	21	20	20	20
SmithBB	288			12	21	20	20	20
SmithCC	289			12	21	20	20	20
SmithDD	290			12	21	20	20	20
SmithEE	291			12	21	20	20	20
SmithFF	292			12	21	20	20	20
SmithGG	293			12	21	20	20	20
SmithHH	294			12	21	20	20	20
SmithII	295			12	21	20	20	20
SmithJJ	296			12	21	20	20	20
SmithKK	297			12	21	20	20	20
SmithLL	298			12	21	20	20	20
SmithMM	299			12	21	20	20	20
SmithNN	300			12	21	20	20	20
SmithOO	301			12	21	20	20	20
SmithPP	302			12	21	20	20	20
SmithQQ	303			12	21	20	20	20
SmithRR	304			12	21	20	20	20
SmithSS	305			12	21	20	20	20
SmithTT	306			12	21	20	20	20
SmithUU	307			12	21	20	20	20
SmithVV	308			12	21	20	20	20
SmithWW	309			12	21	20	20	20
SmithXX	310			12	21	20	20	20
SmithYY	311			12	21	20	20	20
SmithZZ	312			12	21	20	20	20
SmithAA	313			12	21	20	20	20
SmithBB	314			12	21	20	20	20
SmithCC	315			12	21	20	20	20
SmithDD	316			12	21	20	20	20
SmithEE	317			12	21	20	20	20
SmithFF	318			12	21	20	20	20
SmithGG	319			12	21	20	20	20
SmithHH	320			12	21	20	20	20
SmithII	321			12	21	20	20	20
SmithJJ	322			12	21	20	20	20
SmithKK	323			12	21	20	20	20
SmithLL	324			12	21	20	20	20
SmithMM	325			12	21	20	20	20
SmithNN	326			12	21	20	20	20
SmithOO	327			12	21	20	20	20
SmithPP	328			12	21	20	20	20
SmithQQ	329			12	21	20	20	20
SmithRR	330			12	21	20	20	20
SmithSS	331			12	21	20	20	20
SmithTT	332			12	21	20	20	20
SmithUU	333			12	21	20	20	20
SmithVV	334			12	21	20	20	20
SmithWW	335			12	21	20	20	20
SmithXX	336			12	21	20	20	20
SmithYY	337			12	21	20	20	20
SmithZZ	338			12	21	20	20	20
SmithAA	339			12	21	20	20	20
SmithBB	340			12	21	20	20	20
SmithCC	341			12	21	20	20	20
SmithDD	342			12	21	20	20	20
SmithEE	343			12	21	20	20	20
SmithFF	344			12	21	20	20	20
SmithGG	345			12	21	20	20	20
SmithHH	346			12	21	20	20	20
SmithII	347			12	21	20	20	20
SmithJJ	348			12	21	20	20	20
SmithKK	349			12	21	20	20	20
SmithLL	350			12	21	20	20	20
SmithMM	351			12	21	20	20	20
SmithNN	352			12	21	20	20	20
SmithOO	353			12	21	20	20	20
SmithPP	354			12	21	20	20	20
SmithQQ	355			12	21	20	20	20
SmithRR	356			12	21	20	20	20
SmithSS	357			12	21	20	20	20
SmithTT	358			12	21	20	20	20
SmithUU	359			12	21	20	20	20
SmithVV	360			12	21	20	20	20
SmithWW	361			12	21	20	20	20
SmithXX	362			12	21	20	20	20
SmithYY	363			12	21	20	20	20
SmithZZ	364			12	21	20	20	20
SmithAA	365			12	21	20	20	20
SmithBB	366			12	21	20	20	20
SmithCC	367			12	21	20	20	20
SmithDD	368			12	21	20	20	20
SmithEE	369			12	21	20	20	20
SmithFF	370			12	21	20	20	20
SmithGG	371			12	21	20	20	20
SmithHH	372			12	21	20	20	20
SmithII	373			12	21	20	20	20
SmithJJ	374			12	21	20	20	20
SmithKK	375			12	21	20	20	20
SmithLL	376			12	21	20	20	20
SmithMM	377			12	21	20	20	20
SmithNN	378			12	21	20	20	20
SmithOO	379			12	21	20	20	20
SmithPP	380			12	21	20	20	20
SmithQQ	381			12	21	20	20	20
SmithRR	382			12	21	20	20	20
SmithSS	383			12	21	20	20	20
SmithTT	384			12	21	20	20	20
SmithUU	385			12	21	20	20	20
SmithVV	386			12	21	20	20	20
SmithWW	387			12	21	20	20	20
SmithXX	388			12	21	20	20	20
SmithYY	389			12	21	20	20	20
SmithZZ	390			12	21	20	20	20
SmithAA	391			12	21	20	20	20
SmithBB	392			12	21	20	20	20
SmithCC	393			12	21	20	20	20
SmithDD	394			12	21	20	20	20
SmithEE	395			12	21	20	20	20
SmithFF	396			12	21	20	20	20
SmithGG	397			12	21	20	20	20
SmithHH	398			12	21	20	20	20
SmithII	399			12	21	20	20	20
SmithJJ	400			12	21	20	20	20
SmithKK	401			12	21	20	20	20
SmithLL	402			12	21	20	20	20
SmithMM	403			12	21	20	20	20
SmithNN	404			12	21	20	20	20
SmithOO	405			12	21	20	20	20
SmithPP	406			12	21	20	20	20
SmithQQ	407			12	21	20	20	20
SmithRR	408			12	21	20	20	20
SmithSS	409			12	21	20	20	20
SmithTT	410			12	21	20	20	20
SmithUU	411			12	21	20	20	20
SmithVV	412			12	21	20	20	20
SmithWW	413			12	21	20	20	20
SmithXX	414			12	21	20	20	20
SmithYY	415			12	21	20	20	20
SmithZZ	416			12	21	20	20	20
SmithAA	417			12	21	20	20	20
SmithBB	418			12	21	20	20	20
SmithCC	419			12	21	20	20	20
SmithDD	420			12	21	20	20	20
SmithEE	421			12	21	20	20	20
SmithFF	422			12	21	20	20	20
SmithGG	423			12	21	20	20	20
SmithHH	424			12	21	20	20	20
SmithII	425			12	21	20	20	20
SmithJJ	426			12	21	20	20	20
SmithKK	427			12	21	20	20	20
SmithLL	428			12	21	20	20	20
SmithMM	429			12	21	20	20	20
SmithNN	430			12	21	20	20	20
SmithOO	431			12	21	20	20	20
SmithPP	432			12	21	20	20	20
SmithQQ	433			12	21	20	20	20
SmithRR	434			12	21	20	20	20
SmithSS	435			12	21	20	20	20</

- (Continued on next page)

AMEX Highs-Lows

NEW HIGHS 22	
0022 ur DevB Cr7 Csc Cse PPR	AmTr-ek sc ChimDeVA Dillara MitsuiSt Presti,com UnivCom
AmTr-ump pr ChampPrd's GTI Corp NetherCorp Siles Corp	BankinCH Clark Cons GlenFood Nutrition TandyBro
NEW LOWS 12	
Chw sc AmTr-dow sc	Audivox n
	Centrastry p

Target Date to Remove Tariffs Is Extended by African Bloc

Agence France-Presse

ADDIS ABABA, Ethiopia — The council of ministers of the 15-nation Preferential Trade Area for eastern and southern Africa extended on Friday the target date for the elimination of tariff and nontariff barriers by four years, to 1996.

The previous date of 1992 had met with resistance from many member countries that

The previous date of 1992 had met with resistance from many member countries that felt the early elimination of trade restrictions

would leave them with revenue losses. The grouping seeks to create a common market stretching from Ethiopia to Lesotho.

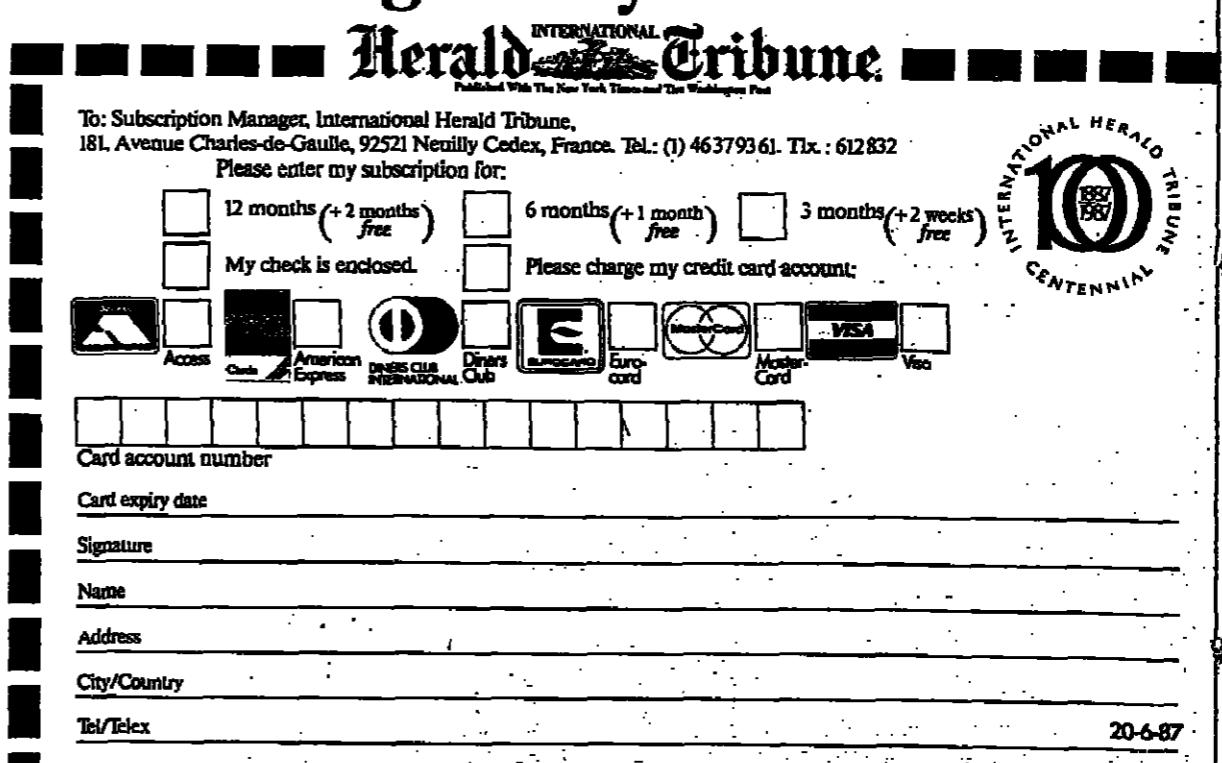
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Belgium	B.Fr.	11,000	6,000	3,300	B.Fr. 19.78	B.Fr. 7,200
Denmark	D.Kr.	2,500	1,400	770	D.Kr 3.13	D.Kr 1,139
Finland	F.M.	1,730	950	520	F.M. 3.25	F.M. 1,183
France	F.F.	1,500	820	450	F.F. 2.88	F.F. 1,048
Germany*	D.M.	580	320	175	D.M. 1.11	D.M. 404
Gr. Britain	£	130	72	40	£ 0.19	£.69
Greece	Dr.	22,000	12,000	6,600	Dr. 49.56	Dr. 18,940
Ireland	£.Irl.	150	82	45	£.Irl. 0.29	£.Irl. 106
Italy	Lire	380,000	210,000	115,000	Lire 756	Lire 275,200
Luxembourg	L.Fr.	11,500	6,300	3,400	L.Fr. 18.41	L.Fr. 6,700
Netherlands	Fl.	650	360	198	Fl. 1.21	Fl. 440
Norway*	N.Kr.	1,800	990	540	N.Kr. 3.05	N.Kr. 1,110
Portugal	Esc.	22,000	12,000	6,600	Esc. 64.56	Esc. 23,500
Spain*	Ptas.	29,000	16,000	8,800	Ptas. 55.33	Ptas. 20,140
Sweden*	S.Kr.	1,800	990	540	S.Kr 3.05	S.Kr 1,110
Switzerland	S.Fr.	510	280	154	S.Fr 1.10	S.Fr. 400
Rest of Europe, North Africa, former French Africa, Middle East	\$	430	230	125	Varies by country	
Rest of Africa, Gulf States, Asia:	\$	580	320	175		

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40-6-87

CURRENCY MARKETS

Dollar Higher, Pound Falls Sharply

Compiled by Our Staff From Dispatches
NEW YORK — The dollar closed higher Friday against all major currencies, but it was the British pound that drew most of the market's attention with a sharp fall on heavy selling.

In New York, the pound tumbled nearly 2 cents to \$1.6110, from \$1.6295. Earlier in London, it fell to \$1.6170, down from Thursday's \$1.6300.

"Certainly, the focus today was sterling's weakness," said James Vick, a trader with Manufacturers Hanover Corp.

He said the short-term trend for the pound was already down, and despite economic fundamentals that are positive from a technical standpoint, the currency was vulnerable.

"Sterling does have a character of swinging fairly suddenly without regard to fundamentals for the short term," Mr. Vick noted.

In New York, the dollar closed at 1.8293 Deutsche marks, up from 1.8255 on Thursday; at 1.4480 yen, up from 1.4460; at 1.5205 Swiss francs, up from 1.5160; and at 6.1055 French francs, up from 6.0925.

The dollar also rose in Europe, trading all day within a narrow range and finishing at the day's highs.

One dealer said that the market had been trying to push the dollar outside its current range on both sides and failed.

In London, the dollar closed at 1.8305 DM, up from 1.8240 at Thursday's close; at 1.4505 Japanese yen, up from 1.4460; at 1.5215 Swiss francs, up from 1.5153; and at 6.1025 French francs, up from 6.0864.

"The market is lacking news to sell the dollar on," one dealer said.

He doubted that data on U.S. consumer prices and durable goods

London Dollar Rates		Fr.	DM	Yen
Closes				
Dollars/mark	1.8293	1.8290		
Dollars/yen	1.4480	1.4460		
Dollars/franc	6.1055	6.0925		
Source: Reuters				

for May, due out on Tuesday, would succeed in pushing the dollar outside its current band.

Barring unforeseen news or comments, he saw the market trying to test the 1.8400 DM resistance level in coming days.

Operators generally predicted a quiet week for the dollar, featuring more technical trading and a narrow range.

The pound closed weaker in Europe, but off its lows, after some operators decided it was time to unwind long positions and take advantage of the strength of the pound following the June 11 general election.

Fed Data Show Unaltered Policy

Reuters

NEW YORK — U.S. banking data suggest that the Federal Reserve Board is maintaining its monetary policy, economists said Friday.

But they said that if growth in the money supply remained weak, the Fed might be influenced to loosen credit and move toward a more accommodative monetary policy.

M-1, the basic measure of the U.S. money supply, declined by \$8 billion to \$745.7 billion in the week ended June 3.

Dealers said the market had been looking for an excuse for profit-taking after the failure to materialize of a surge of overseas investments expected after the Conservative Party election victory.

Figures for average British earnings and bank lending, released Thursday, reinforced inflation concerns, giving the market a pretext for profit-taking, some dealers said.

Most dealers had expected the pound to regain some ground on Friday, saying the currency had been oversold on Thursday.

Earlier in Europe, the dollar was up at 1.8238 DM in Frankfurt, up from 1.8190 at Tuesday's fixing. (The market was closed Wednesday and Thursday for a holiday.) In Paris, the dollar was fixed Friday at 6.0940 French francs, up from 6.0930 French francs, up from 6.0945 Thursday. (UPI, Reuters)

Uganda, Mozambique Win Relief on Government Debt

Compiled by Our Staff From Dispatches

PARIS — The creditor nations known as the Paris Club have agreed to a major rescheduling of the government-to-government debts of Uganda and Mozambique, the grouping said Friday.

At meetings here this past week, both countries were accorded terms more generous than usually granted by the creditors. Uganda was given 15 years to repay its debts with a six-year grace period while war-torn Mozambique was accorded an exceptionally long 30-year period, with 10 years' grace.

The Paris Club said it approved of both countries' economic programs and wanted to assist their external payments prospects. It said both countries had very heavy debt service obligations and low per capita income.

No details were available on the amounts involved, but last week Uganda's finance minister, Crispus Kiyonga, said he hoped for a rescheduling of \$120 million. Uganda's total foreign debt is estimated at \$1.5 billion.

Uganda and Mozambique are the third and fourth countries, after Zaire and Mauritania, to obtain rescheduling of debt since the Paris Club introduced new measures for the less developed nations.

In London, meanwhile, Nigeria and Barclays Bank PLC said a target date of mid-September had been set for the signing of a package rescheduling Nigeria's medium-term public sector debt and outstanding letter of credit claims. Barclays is a co-chairman of the commercial bank steering committee for Nigeria. (Reuters, AFP)

HELLER: Remembering a Persuader to Presidents

(Continued from first finance page)

been an exaggerated belief among the economists that they had solved the problem of maintaining economic stability.

In his review article "The Economics Profession and the Making of Public Policy" in the March 1987 issue of The Journal of Economic Literature, Robert H. Nelson of the Interior Department reminds the profession that in 1966 Mr. Solow, at the Massachusetts Institute of Technology, had stated that most economists believed "short-run macroeconomic theory is well in hand. The basic outlines of the dominant theory have not changed in years."

A decade later Joseph A. Pechman of the Brookings Institution, a colleague of Mr. Heller's from graduate school days at the University of Wisconsin, said, "The high rate of price increases during the recent period of sluggish demand is a mystery that economists have not solved." And the late Mr. Okun, who became chairman of the

council under President Johnson urged greater humility upon the economists with respect to their ability to analyze, forecast and prescribe.

But saying one does not know it all is not to say one knows nothing. The high self-confidence of economists, which Mr. Heller embodied, and their adroit policy shifts, did help give the United States the longest, most vigorous and most stable spell of economic growth in history. If it all came to a bad end, whether because of the hubris of economists or the blunders of poli-

cicians, the fruits of an intelligent relationship between the two — as it was during the Kennedy-Heller years, professional and knowing on both sides — should not be forgotten.

Loan Approved for Hungary

Reuters

WASHINGTON — The World Bank said Friday that it had approved a \$70 million loan to Hungary to help finance a \$833.1 million telecommunications project.

Euro-Commercial Paper

June 19				
15-45 days				
Issuer	Mat	Amt	Bid	Ask
Kingdom of Sweden	4/7	100	4.70	4.85
Ministral	4/7	100	4.70	4.85
royal insurance	4/7	100	4.70	4.85
carolina	4/7	100	4.70	4.85
metlife	4/7	100	4.70	4.85
new zealand	4/7	100	4.70	4.85
one circle	4/7	100	4.70	4.85
eve	4/7	100	4.70	4.85
williamson	4/7	100	4.70	4.85
metropolitan estate	4/7	100	4.70	4.85
carolina	4/7	100	4.70	4.85
comerica	4/7	100	4.70	4.85
concentrated	4/7	100	4.70	4.85
royal insurance	4/7	100	4.70	4.85
car finance	4/7	100	4.70	4.85

76-105 days				
Issuer	Mat	Amt	Bid	Ask
15-120 days	10/10	100	2.20	2.25
grand metropolitan	10/10	100	2.20	2.25
republic of portugal	10/11	100	2.20	2.25
pillington	10/11	100	2.20	2.25

106-133 days				
Issuer	Mat	Amt	Bid	Ask
10/11 days	10/11	100	2.20	2.25
west	10/11	100	2.20	2.25
carolina	10/11	100	2.20	2.25
metlife	10/11	100	2.20	2.25
new zealand	10/11	100	2.20	2.25
one circle	10/11	100	2.20	2.25
eve	10/11	100	2.20	2.25
williamson	10/11	100	2.20	2.25
metropolitan estate	10/11	100	2.20	2.25
carolina	10/11	100	2.20	2.25
comerica	10/11	100	2.20	2.25
concentrated	10/11	100	2.20	2.25
royal insurance	10/11	100	2.20	2.25
car finance	10/11	100	2.20	2.25

134-165 days				
Issuer	Mat	Amt	Bid	Ask
kind deutz	10/11	100	2.20	2.25
whitbread	10/11	100	2.20	2.25
whitehead	10/11	100	2.20	2.25

Source: Credit Suisse-Firstr Boston Ltd., London

Taiwan's Curbs on Capital Inflow Slow Currency's Rise

Reuters

The Taiwan dollar opened at 31.09 to the U.S. dollar Friday, unchanged from Thursday.

Keh Fei-fo, vice president of First Commercial Bank, said, "It appears the central bank's move to curb the capital inflow is quite successful."

Vice Economic Minister Wang Chien-hung said the slower rise in foreign exchange reserves would help ease pressure from Washington over the large U.S. trade deficit in May.

The central bank, which had previously bought U.S. dollars heavily, has sold at least \$1.1 billion in the past two weeks to meet commercial demand.

Taiwan's trade surplus was \$3.77 billion in the first four months of this year, against \$4.25 billion a year before. Most of the surplus was with the United States.

their ability to lead foreign exchange to importers and exporters.

They said their overseas borrowings and forward dollar transactions declined sharply, with some banks registering a fall of up to 30 percent.

Bank dealers said the Taiwan dollar had stabilized against the U.S. dollar this week after rising by 2 to 5 Taiwanese cents a day between June 2 and 13. That compared with a rise of 5 to 8 cents a day in May.

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Taiwan's trade surplus was \$3.77 billion in the first four months of this year, against \$4.25 billion a year before. Most of the surplus was with the United States.

Friday's OTC Prices

ACROSS

1 Galileo's home town
5 Damita and Chookasian
10 Young seal
13 Mare's-tail clouds
18 A Henry James biographer
19 Respecting
20 Ancestress, in Augsburg
21 Lake Geneva resort
22 DON'T spoil the sod!
25 Enraged
26 People of Saaremaa
27 DO hang on!
28 Kyustuslike walks
30 Coll. sisterhood
31 Movie terrier
32 Ushe's beats
33 Lili or Arthur
35 Red fighter plane
37 Premieres
39 DC go underground!
45 Volsleid —
46 Objective

49 Army group
50 Fernando or Jose
51 Osprey's cousin
52 Lingerie item
53 Part of A.D.
54 Hosp. workers
55 Royal iris
56 Darwin's ship
58 Polynesian
60 DO prepare for a comedown!
64 Shopper's mecca
65 Loot for Isabel
66 Org. for Mom
67 Chaplin's second wife
69 DON'T heed this "Twelfth Night" order!
70 Mountaineer's hut
73 Go on — (spurge)
79 Taylor-made name?
80 — generis
81 Make turbid
82 Beard grown by a farmer
84 Suffit for opal
85 Soft shoe, for short

ACROSS

86 Needs a medico
87 Hankering abbr.
88 DON'T mention my diet!
92 Soprano Tetrizzini
94 Profit ender
95 Lots of it.
96 More sore
100 University hall
103 Eve's roots
105 D'Artagnan's creator
109 DO make it home!
112 Detergent plant
113 Gallic legislature
114 DON'T look so sad!
116 Kin of a tsunami
117 Resiliency
118 River ducks
119 Hibernia
120 In a tough spot
121 Ethyl chaser
122 Import
123 Custer's last major

DOWN

1 Lap dogs, for short
2 I.e.
3 Take care of
4 Tot's recital
5 The "We are here" gen.
6 Data and tips
7 " — write my epitaph": Emmet
8 Suddenly own
9 Stanch
10 Touring car
11 Open a fastening
12 Nudnik

13 Rostropovich, e.g.
14 Boston and poison
15 Be a match for
16 Poker ploy
17 "Les — galantes"
Rameau ballet
20 Fortifies
23 A Caucasian native
24 Where Panjim is
28 Flapjack
34 Harte card player

36 Actress Jane
Site of the cochea
39 Street gang's territory
40 Historic region in central Vietnam
41 "And — with tears": Tennyson
42 Go — (be clement)
43 Keas' relatives
44 "Picnic" playwright
46 Bergman role:
1956

DOWN

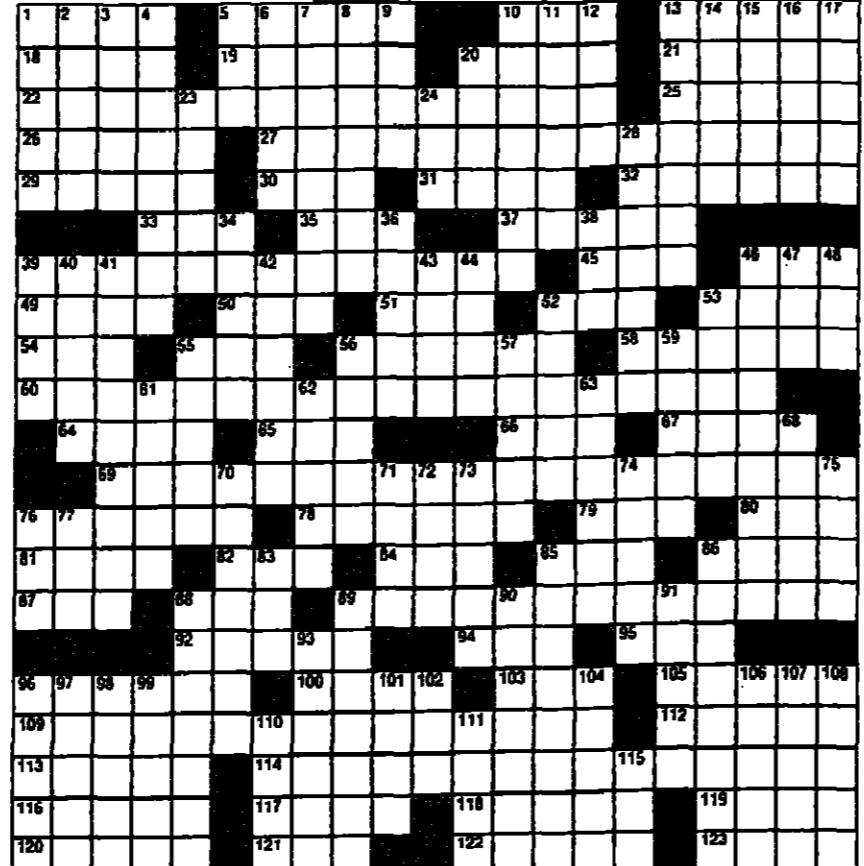
47 Scribe's need
48 Dodo colleague
52 Balzac's "La Cousine" —
55 River of forgetfulness
56 Warning floats
57 Slip
59 "Comment — vous?"
61 Storytime dwarf
62 Wind instrument
63 Vote total

68 " — in the racket and bratite": W. W. Gibson
70 Inomu's predecessor
71 Vision: Comb. form
72 Samovars
73 "Tear" poet
74 Pétain's government: 1940
75 Tilt
76 Eulate Niobe
77 Soil looser

BOOKS

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Dos and Don'ts By Louis Baron



GORBACHEV'S CHALLENGE: Economic Reform in the Age of High Technology

By Marshall I. Goldman. Illustrated. 296 pages. \$16.95. W. W. Norton & Co., 500 Fifth Avenue, New York, N.Y. 10110.

Reviewed by Christopher Lehmann-Haupt

IS there really hope that the Soviet Union is entering a new liberalized era under the enlightened leadership of Mikhail S. Gorbachev? Possibly, grants Marshall I. Goldman, who has written extensively on the Soviet Union and who believes that at the heart of any reform must be changes in the Soviet economy. But he paints a discouraging picture of such a prospect in his timely and instructive new book, "Gorbachev's Challenge: Economic Reform in the Age of High Technology."

It isn't that Gorbachev is insincere in his intentions or lacking in ability. Goldman, who is associate director of the Russia Research Center at Harvard University, calls Gorbachev "in many respects . . . probably the strongest, most effective political manipulator the Soviet Union has had since the Bolshevik Revolution."

DENNIS THE MENACE



BOOKS

Gorbatchev has been told by the Russians that "we not only invite our critics, such as Marshall Goldman, 'to visit,' but we read what he has to say," and an early version of his chapter on transferring foreign technology to the Soviet Union was "discussed and shown to Soviet authorities."

He recommends the first option — "a radical move toward decentralization and the market." One of his first steps "would be to seek a reduction in the role of the central planners and increase the authority of the enterprise managers." He would advise the legalization not only of private property for peasants and small-business men, but also of cooperative service and manufacturing operations.

The state could continue to own and operate farms and factories, but they would have to learn to compete both among themselves and with the private and cooperative enterprises. The workers and managers would be rewarded with material incentives for their efforts, particularly for displays of extra creativity. . . . There would be more emphasis on consumer and innovator sovereignty and less on the preferences of central planning."

Noneless, Goldman remains gloomy about the prospects of implementing such recommendations. Though many of them have either been agreed upon in principle or advocated separately by Soviet reformers, there is bound to be strong resistance from those who believe "that the combined effect of such actions would be to end the Soviet system."

And what if Gorbachev fails to adapt the system to high technology? Why then presumably the Soviet Union will no longer be a first-rate power in the world. Will such a shortcoming prove fatal to its future? Although Goldman never confronts that question directly, he offers a hint of its answer in his projection of what may happen if Gorbachev chooses the third option and guides the economy "along much the same route it has been following since the beginning of the five-year plans" in 1930. "While Soviet technology may find itself falling farther and farther behind that of the rest of the world," Goldman concludes, "living conditions would probably continue to improve, albeit in a slow, ponderous fashion, as they have in past."

Christopher Lehmann-Haupt is on the staff of The New York Times.

Solution to Last Week's Puzzle

ABARE	EDON	LAIT	PITA
BIDER	LOVINGHOS	FILIC	
ANEMIA	EVANJELINES	SAINTE	
MALI	SAL	ELA	LITIC
HANSKES	SHIRLEY	UNDERSEL	
DIET	CAROL	BULED	
SLIM	SLIMY	COMBINE	
SOOT	SEKS	LATIN	PAZ
ECHOES	PIK	LIEGE	
ACAPANO	DEIL	FLIRTED	
JOHN	FILLING	LOUSUSA	
AMMATTIO	DOE	TOTTERS	
TIARA	SLY	WHITE	HELM
THE	WHITE	DAIL	DODGE
THOMASHAIL	VAHE	DISON	
CPA	WAN	ADIA	ALLES
WILLIAM	MANGLER	HEART	
CHANC	ISOCARIC	TRAIL	
YOUNG	LOE	LAC	AMIC
LIQUID	SCARL	ALLIAN	
ESTH	SCARL	ALIAN	
DEBORA	SCARL	ALIAN	LILLE

Previous: 1985.69

Current: 1986.49

Change: +\$0.80

Market: 1986.49

Previous: 1985.69

Current: 1986.49

POSTCARD

Coney Island Snapshots

By Douglas Martin

New York Times Service

NEW YORK — Denos D. Vourderis confesses that, when he took Lula Lolas to the Coney Island beach in 1946, his motivation was to get a peek at her legs. He liked what he saw enough to propose matrimony.

He proposed atop the Wonder Wheel, Coney Island's towering and wondrous Ferris wheel. In his enthusiasm, he promised to buy her the wheel if she answered yes.

She did say yes. But it turned out the only wheels Vourderis could come up with at the time were the two underneath the pushcart carrying the hot dogs he sold. "A wheel is a wheel," Vourderis recently recalled saying in 1948 after his wedding.

Thirty-five years after his wed-ding day, Vourderis, a Greek immigrant, had followed the American dream through pushcarts and ever larger restaurants back to Coney Island — four miles long, the southern terminus of five subway lines and the only place in the United States that Sigmund Freud said interested him.

The magnificent Wonder Wheel — the standard backdrop for Vourderis' family portraits, according to two of their four children — was for sale then. Vourderis had scraped together enough to buy it, and Mrs. Vourderis got a late wedding gift.

"You can do whatever you want in this country," Vourderis said, pointing to the wheel that by now has carried more than 24 million people round and round through the incandescent Coney Island sky.

But even though the sea air still smells of Coppertone and cotton candy, Coney Island is a faint echo of its former self. The number of rides — which, unlike modern parks, are mainly owned by individuals — has fallen to 35, less than half the number a half century ago. The number of visitors has dropped to 15 million a year from more than 20 million.

The Vourderis family paid \$250,000 for the wheel and an equal amount to repair it.

But that is only the beginning of Vourderis' ambitious plans, including his desire to hold a wedding on the Wonder Wheel. For the first couple who ask, he will admit 50 guests free and supply "music, food, everything."

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